

PROFESSIONAL MARKET STUDY
FOR THE GALLERIA MANOR OF SMYRNA APARTMENTS
APPLICATION # - 2008-054
A PROPOSED LIHTC ELDERLY DEVELOPMENT

LOCATED IN:
SMYRNA, COBB COUNTY, GA

PREPARED FOR:
GEORGIA DEPARTMENT of COMMUNITY AFFAIRS
OFFICE of AFFORDABLE HOUSING
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MAY 2008

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INTRODUCTION

The proposed multi-family development will target LIHTC eligible elderly households (age 55 and over - **Housing for Older Persons**) in the Smyrna area of Cobb County, Georgia.

The market study assignment was to ascertain market demand for a proposed multi-family elderly development to be known as the **Galleria Manor of Smyrna Apartments**, for the Georgia Department of Community Affairs, Office of Affordable Housing, under the following scenario:

Project Mix

PROPOSED PROJECT PARAMETERS			
Bedroom Mix	# of Units	Unit Size (Heated sf)	Unit Size (Gross sf)
1BR/1b	24	Na	792
2BR/2b	88	Na	975
3BR/2b	8	Na	1283
Total	120		

Project Rents:

The proposed development will target approximately 32% of the units at 50% or below of area median income (AMI); 58% at 60% AMI; and 10% at Market. Rent excludes all utilities, yet will include trash removal.

PROPOSED PROJECT RENTS @ 50% AMI				
Bedroom Mix	# of Units	Net Rent	Utility Allowance*	Gross Rent
1BR/1b	8	\$577	\$90	\$667
2BR/2b	27	\$685	\$116	\$801
3BR/2b	3	\$766	\$159	\$925

PROPOSED PROJECT RENTS @ 60% AMI				
Bedroom Mix	# of Units	Net Rent	Utility Allowance*	Gross Rent
1BR/1b	13	\$711	\$90	\$801
2BR/2b	52	\$845	\$116	\$961
3BR/2b	4	\$951	\$159	\$1110

*Provided by applicant.

PROPOSED PROJECT RENTS @ Market				
Bedroom Mix	# of Units	Net Rent	Utility Allowance*	Gross Rent
1BR/1b	3	\$725	\$90	\$815
2BR/2b	9	\$850	\$116	\$966
3BR/2b	1	\$975	\$159	\$1134

*Provided by applicant.

In addition, there are several terms that will be used throughout the study, which have very specific meanings within the program assisted framework, but which may have other meanings in other contexts. Two sets of terms in particular are identified here to avoid confusion in the study.

Type of Project Rent Structure:

- Conventional - also referred to as "market rate", reflects projects which are developed without any program funding from public or private sources, using equity and conventional finance. Rents are established by the owner, typically without regulatory constraints.
- Assisted - projects that use some form of program financing designed to make rents more affordable. The financing may include federal and state grant, loan or loan guarantee programs; the Low Income Housing Tax Credit program, direct rental assistance and in some cases private grants or preferential loans.
- Subsidized - projects that have direct rental assistance, which allows tenants to pay only an affordable proportion of their income for rent, with the balance paid by another agency (usually governmental). These subsidies are project-based; that is, the subsidies are attached to the units. Tenant-based subsidies are carried by the tenants, who may use them in assisted or conventional projects. Note: all subsidized projects are also assisted projects, but not all assisted projects are subsidized.

Rent Inclusions:

- Gross Rent - refers to the total rent payment, including utilities. (Cable and telephone utilities are excluded from this definition.) Gross rents are usually identified as a monthly rent. Gross rents are used in the study for program usage such as LIHTC maximum rents or HUD Fair Market Rents.
- Net Rent - sometimes known as "street rent", involves the rent paid to the landlord, and usually excludes some or all utilities. Net rents are used in comparisons with

conventional projects, and are also usually identified as a monthly rent.

- Utility Allowance - is the amount of the Gross Rent not included in the Net Rent, and reflects the estimated amount a tenant will have to pay out-of-pocket for utilities.

As a final terminology note, capture rate and penetration rate are used interchangeably in this study. They refer to the proportion of a defined total pool of tenants that a specific project must capture (or the degree to which the project must penetrate the total pool) in order to be fully occupied. Different capture rates will be calculated for different market pools - for example, the capture rate applied to the total income-qualified renter base will be different from the capture rate applied to a annual target demand pool. Both are used in this study.

The analyst performed an in-depth, on-site analysis in the market area, surrounding neighborhoods, and the site. Personal interviews were conducted with local area real estate professionals and other persons knowledgeable in the local area housing market.

Among sources utilized and cited throughout the study are the U.S. Census of Population and Housing, the Georgia Department of Labor, the Metro Atlanta Chamber of Commerce, the Cobb Chamber of Commerce, the Cobb County Office of Economic Development, the US Department of Housing and Urban Development and pertinent information and materials collected from local professional real estate sources and subject related service providers.

Other, specific elements of the methodology are discussed in the text of the study.

STATEMENT OF CONTINGENT AND LIMITING CONDITIONS

1. The consultant declares that he does not have, and will not have the future, any material interest in the proposed project, and that there is no identity between him and the client of the study. Further, the consultant declares that the payment of the study fee is in no way contingent upon a favorable study conclusion, nor upon approval of the project by any agency before or after the fact. The analyst certifies that no attempt was made to contact the applicant directly for any information in the market study.
2. The information on which this analysis of conditions in Smyrna and Cobb County has been obtained from the most pertinent and current available sources, and every reasonable effort has been made to insure its accuracy and reliability. However, the consultant assumes no responsibility for inaccuracies in reporting by any of the Federal, State, or Municipal agencies cited, nor for any data withheld or erroneously reported by private sources cited during the normal course of a thorough investigation. The consultant reserves the right to alter conclusions on the basis of any discovered inaccuracies.
3. No opinion of a legal or engineering nature is intentionally expressed or implied.
4. The fee charged for this study does not include payment for testimony nor further consultation.
5. This analysis assumes a free and fair real estate market place, with no constraints imposed by any market element based on race, age or gender, except for age / handicapped eligibility established by law for units designated by elderly households and the handicapped.
6. The consultant affirms that a member of the firm made a physical inspection of the site and market area, and that information has been used in the full assessment of the need and demand for new rental units.

**Jerry M. Koontz, Principal
Koontz and Salinger**

SECTION A

EXECUTIVE SUMMARY

1. Market Area and Site Description:

- The Primary Market Area (PMA) for the proposed multi-family development consists of the following census tracts within Cobb County:

303.38, 303.39, 310.04, 311.01, 311.05, 311.07, 311.08, 311.09, 311.10, 311.11, 311.12, 312.02, 312.03, and 312.04.

- The overall character of the neighborhood within the immediate vicinity of the site can be defined as predominantly nearby residential and commercial development. The site is located in the eastern portion of Smyrna, within the city limits.
- Street and highway accessibility are very good relative to the site. Ready access is available from the site to the following: major retail trade and service areas, employment opportunities, local health care providers and area churches. All major facilities in the city can be accessed within a 5 to 10 minute drive.

2. Appropriateness of Project Parameters

- Overall, the subject will be competitive to very competitive with all of the existing program assisted and market rate apartment properties in the market regarding the unit and the development amenity package.
- In the area of unit size, by bedroom type, the subject will offer a competitive unit size, based on the proposed floor plans.
- The subject will be competitive with most of the existing program assisted and market rate apartment properties in the market regarding proposed net rents by bedroom type. For the most part the proposed subject net rents at 50% AMI, 60% AMI and Market are almost a mirror image of the successful LIHTC/Market Rate development - Legacy at Walton Village, located to the north in Marietta. However, if the budget allows for a reduction in 2BR & 3BR net rents at both 60% AMI and Market the applicant should re-configure these rents.
- The subject bedroom mix is considered to be a typical.

In the opinion of the analyst, the market is in need of larger bedroom sizes, both in terms of square footage and number of bedrooms. However, the proposed subject 3BR/2b units should be marketed as 2BR/2b units with a den. Regardless of the number of bedrooms per unit, the subject will be an age restricted community and the bulk of the residents will be 1 person households, followed by 2 person households. The number of units occupied by a household size greater than 2 is considered to be very limited and thus the use of HUD income limits for a 3BR unit were not used within the demand methodology of this market study.

3. Market Demand:

- The capture rates by income segment and bedroom mix are considered to be positive indicator of demand support for the proposed 129-unit subject elderly development, given the GA-DCA capture rate threshold parameters. The overall project capture rate is 9.0%. The LIHTC segment capture rate is 15.1% versus 2.1% for the Market Rate segment.

Capture Rates by Bedroom Type & Income Targeting							
Unit Size	Income Limits	Units Proposed	Net Demand	Capture Rate	Absorption	Avg Mkt Net Rent	Proposed Net Rent
1BR	50% AMI	8	137	5.8%	3 mos.	\$730	\$577
	60% AMI	13	146	8.9%	6 mos.	\$730	\$711
	Market	3	250	1.2%	2 mos.	\$730	\$725
1BR	Total	24	533	4.5%	6 mos.		
2BR	50% AMI	27	189	14.3%	9 mos.	\$885	\$685
	60% AMI	52	201	25.9%	12 mos.	\$885	\$845
	Market	9	344	2.6%	6 mos.	\$885	\$850
2BR	Total	88	734	12.0%	12 mos.		
3BR	50% AMI	3	17	17.6%	3 mos.	\$1050	\$766
	60% AMI	4	18	22.2%	9 mos.	\$1050	\$951
	Market	1	32	3.1%	2 mos.	\$1050	\$975
3BR	Total	8	67	11.9%	9 mos.		

- Present indicators point to the fact that the introduction of the proposed 120-unit development will have little to **no long term** negative impact on the **like-kind** LIHTC elderly program assisted apartment market within the PMA.
- At present there are no like-kind direct comparable elderly LIHTC complexes located within the PMA.
- The absorption rates identified above are a function of the proposed subject rents, building design, amenity package, and professional management and development team, as well as, the rent-up of recent like-kind properties developed by the applicant. It is forecasted that a stabilized occupancy level of 93%+ can be achieved within a 12 month (or less) period for the proposed subject property.

4. Recommendation & Conclusion:

- Based upon the analysis and the conclusions of each of the report sections, it is recommended that the proposed application **proceed forward based on market findings, subject to: (a) a re-classification of the 3BR units in terms of marketing, and (b) a re-examination of 2BR and 3BR net rent positioning at 60% AMI and Market. Note: At this time in the market study process a change in the 2BR and 3BR net rents at 60% AMI and Market is only recommended if budget support is available. It is not a mandated recommendation.**

MARKET STUDY FOLLOWS

SECTION B

**PROPOSED PROJECT
DESCRIPTION**

The proposed Low Income Housing Tax Credit (LIHTC) multi-family development will target elderly households, age 55 and over in Smyrna and Cobb County, Georgia. The subject property is located at 2730 Cumberland Avenue, within the Smyrna city limits.

The market study assignment was to ascertain market demand for a proposed multi-family elderly development to be known as the **Galleria Manor of Smyrna Apartments**, for the Georgia Department of Community Affairs, Office of Affordable Housing, under the following scenario:

Project Description

PROPOSED PROJECT PARAMETERS			
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2BR/2b	88	Na	975
3BR/2b	8	Na	1283
Total+	120		

The proposed new construction project design will comprise 1 four-story building with elevator. The project will provide 106-parking spaces.

The proposed *Occupancy Type* is **Housing for Older Persons** (age 55+).

Project Rents:

The proposed development will target approximately 32% of the units at 50% or below of area median income (AMI); 58% at 60% AMI; and 10% at Market. Rent excludes all utilities, yet will include trash removal.

PROPOSED PROJECT RENTS @ 50% AMI				
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*Provided by applicant.

The proposed development will not have any project base rental assistant, nor private rental assistance.

Amenity Package

The development will include the following amenity package:

Unit Amenities

- range
- disposal
- central air
- smoke alarms
- carpet
- patio/balcony
- refrigerator
- dish washer
- cable ready
- washer/dryer hook-ups
- mini-blinds
- microwave

Development Amenities

- on-site management
- laundry room
- elevator
- furnished library
- shuffleboard court
- community area w/dance floor
- picnic/grill area w/pavilion
- equipped exercise/fitness center
- equipped computer center
- gazebo

Supportive Services Package*

- organized on-site social and recreational programs
- * provided by management & community partners

The estimated projected year that Galleria Manor of Smyrna will be placed in service is 2010.

SECTION C

**SITE & NEIGHBORHOOD
EVALUATION**

The site of the proposed elderly LIHTC/Market Rate apartment development is located off Cumberland Boulevard, approximately .1 mile west of US Highway 41 and .7 miles north of I-285. The site is located in the eastern portion of Smyrna, within the

city limits. Specifically, the site is located in Census Tract 311.09, Census Block Group 1, Census Block 1003, and Zip Code 30080. See Site Map, page 9.

Note: The site is not located within a Qualified Census Tract (QCT).

Street and highway accessibility are very good relative to the site. Ready access is available from the site to the following: major retail trade and service areas, employment opportunities, local health care providers and area churches. All major facilities in the city can be accessed within a 5 to 10 minute drive. At the time of the market study, no significant infrastructure development was in progress within the immediate vicinity of the site.

Site Characteristics

The approximately 3.5-acre, mostly rectangular shaped tract is partially cleared and wooded and has a slight east to west downward slope. At present, the tract comprises a large parking lot, a wooded area and two small single-family homes. Subject to the removal of the homes, the site is considered to be marketable and buildable. However, this assessment is subject to both environmental and engineering studies. All public utility services are available to the tract and excess capacity exists.

The site is not located within a 100-year flood plain. The surrounding land uses around the site are detailed below:

Direction	Existing Land Use
North	Multi-family
East	Commercial
South	Commercial
West	Residential

Neighborhood Description / Characteristics

The overall character of the neighborhood in the immediate vicinity of the in-fill site can be defined as predominantly commercial and residential land use.

Directly north of the site is the Walton Grove Apartment complex. This property was built in 1994 and is in very good condition. Located on the opposite side of Walton Grove is the Heritage Pavilion (Big Box) shopping center.

Directly east of the site is the Paces Foundation Building followed by commercial development along Cumberland Boulevard.

Directly south of the tract is the HHGregg Crossing (strip) shopping center. About .2 miles south of the tract is an Aldi's grocery store.

Directly west of the tract is residential land use.

The pictures on the following pages are of the site and surrounding land uses within the immediate vicinity of the site.



(1) - Site, east to west.



(2) - Site, southeast to northwest.



(3) - Paces Foundation Building. Site is behind this property.



(4) - Site to the left, off Cumberland Blvd., south to north.



(5) - Site to the right, off Cumberland Blvd., north to south.



(6) - Walton Grove Apartments, directly north of site.



(7) - Entrance into Heritage Pavilion shopping center.



(8) - HHGregg Crossing shopping center, directly south of site.



Access to Services

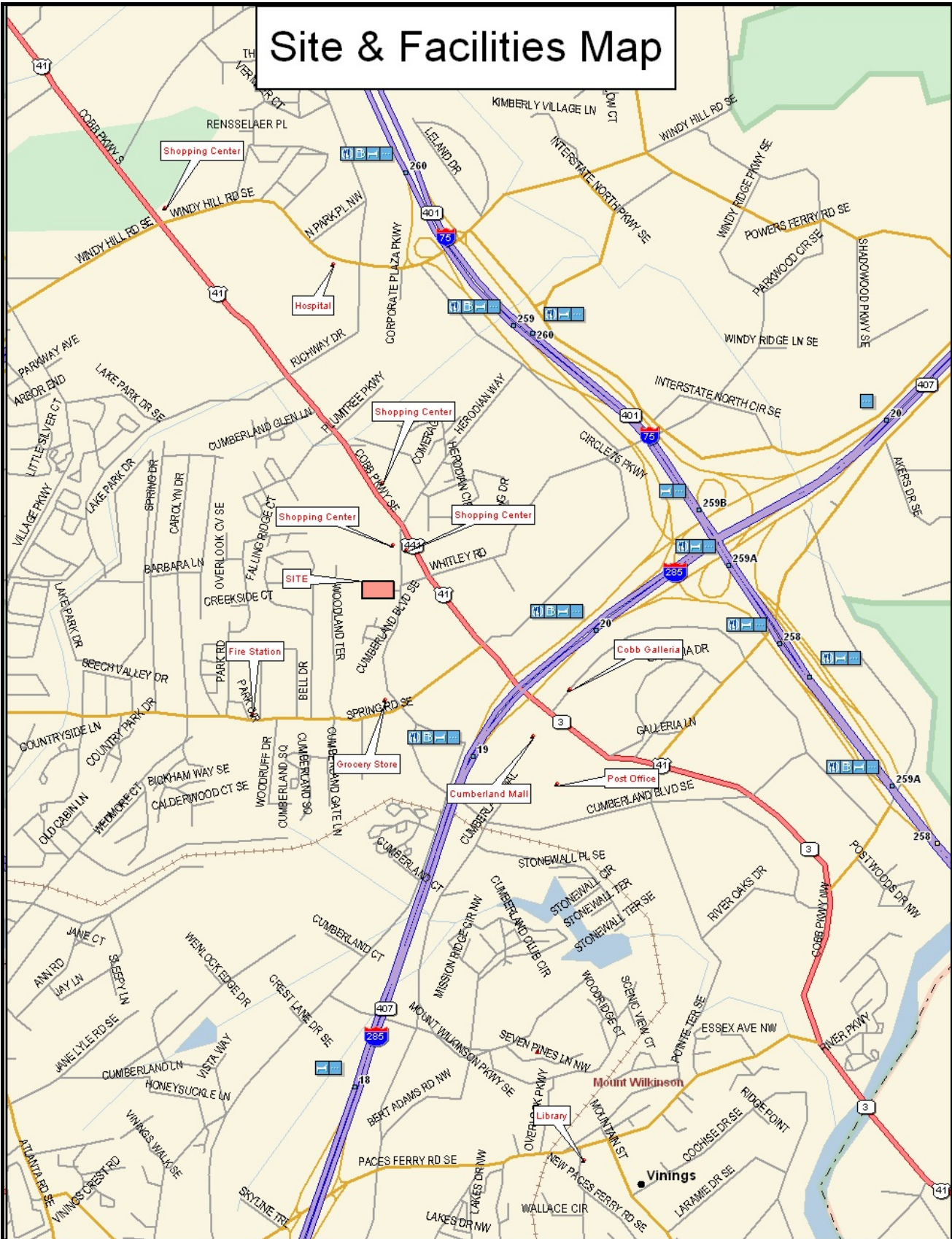
The subject is accessible to major employers, shopping, healthcare services, retail and social services, recreational areas, and the local and regional highway system. (See Site and Facilities Map, next page.)

Distances from the site to community services are exhibited below:

Points of Interest	Distance from Subject
Access to US 41	.1
Aldi Grocery	.2
Fire Station	.7
Access to I-285	.7
Cumberland Mall	1.0
Cobb Galleria	1.0
Access to I-75	1.2
Post Office	1.4
Crossing at Windy Hill Shopping Center	1.6
Hospital	2.2
Downtown Smyrna	3.0
Vinings	3.0
Walmart Supercenter	5.2
Downtown Marietta	7.2
Downtown Atlanta	13.0

Note: Distance from subject is in tenths of miles and are approximated.

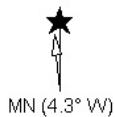
Site & Facilities Map



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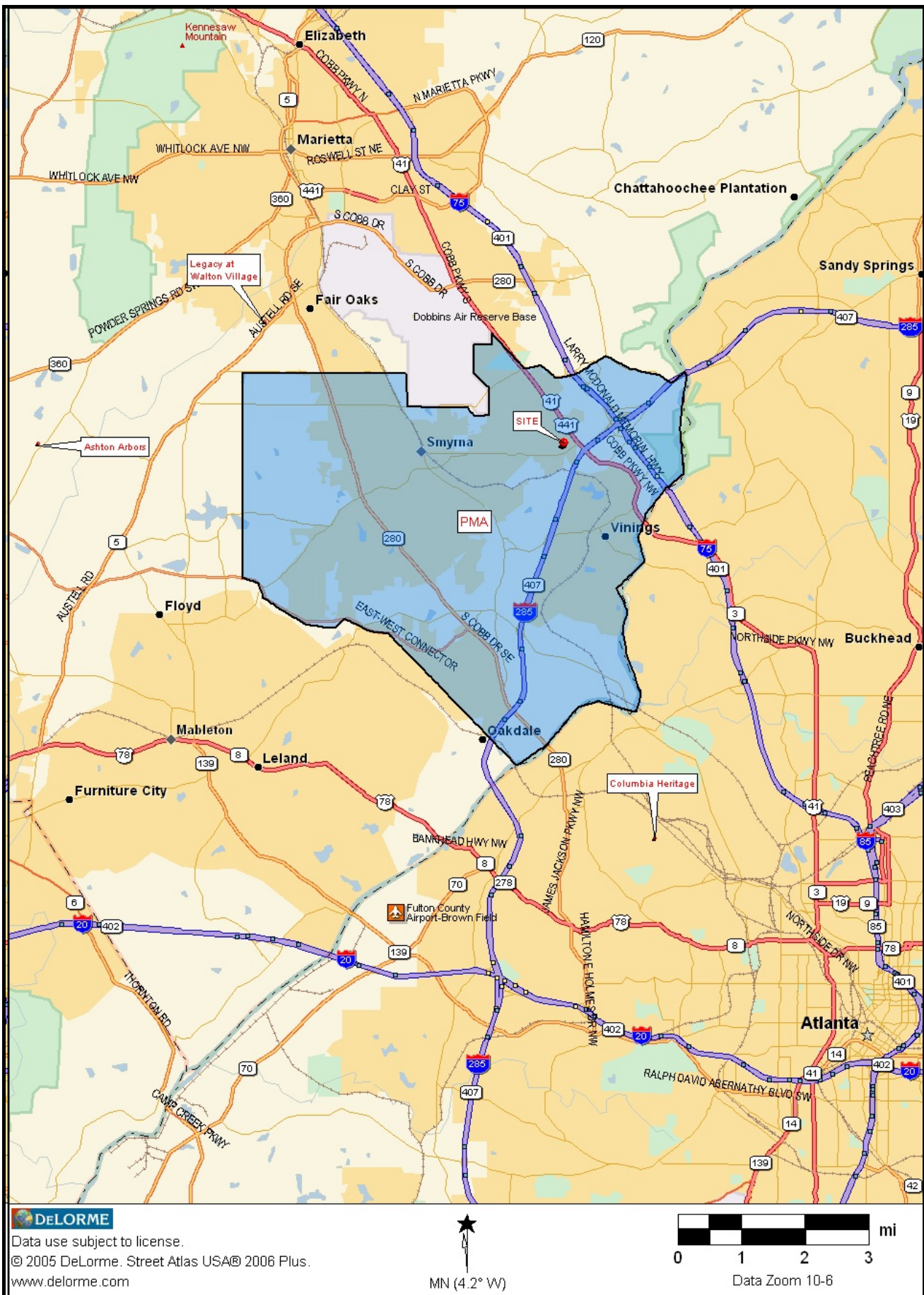


Data Zoom 13-2

LIHTC Elderly Apartments in the vicinity of the PMA

At present, there are no existing LIHTC elderly apartment properties located within the Smyrna PMA. A map (on the next page) exhibits three program assisted LIHTC elderly properties located within the vicinity of the site and PMA.

Project Name	Program Type	Number of Units	Distance from Site (in miles)
Ashton Arbors	LIHTC	150	10.5
Columbia Heritage	LIHTC/MR	132	9.0
Legacy at Walton Village	LIHTC/MR	125	7.5



SUMMARY

The field visits for the site, subject and surrounding market area were between May 17 and 20, 2008. The site inspector was Mr. Jerry M. Koontz (of the firm Koontz & Salinger).

The overall character of the neighborhood within the immediate vicinity of the site can be defined as predominantly nearby residential and commercial development. The site is located in the eastern portion of Smyrna, within the city limits.

Access to the site is available off Cumberland Boulevard. Cumberland Boulevard is a commercial connector that links the site with US Highway 41, approximately .1 mile to the north. It is a medium density traveled road, with a speed limit of 35 miles per hour in the immediate vicinity of the site. Also, the location of the site off Cumberland Boulevard does not present problems of egress and ingress to the site.

The site offers good accessibility and linkages to area services and facilities. The areas surrounding the site appeared to be void of negative externalities (including noxious odors, close proximity to cemeteries, rail lines and junk yards).

The site in relation to the subject and the surrounding roads is agreeable to signage, in particular to passing traffic along Cumberland Boulevard.

Overall, the field research revealed the following strengths and weaknesses of the subject in relation to subject marketability. In the opinion of the analyst, the site of the subject is considered appropriate as an elderly multi-family development.

SITE/SUBJECT ATTRIBUTES:	
STRENGTHS	WEAKNESSES
Good accessibility to services, trade, and health care	
Good linkages to area road system	
Nearby road speed and noise is acceptable	
Surrounding land uses are acceptable	

SECTION D

MARKET AREA DESCRIPTION

The definition of a **market area** for any real estate use is generally limited to the geographic area from which consumers will consider the available alternatives to be relatively equal. This process implicitly and explicitly considers the **location** and **proximity** and **scale** of competitive options. Frequently, both a **primary** and a **secondary area** are **geographically defined**. This is an area where consumers will have the greatest propensity to choose a specific product at a specific location, and a secondary area from which consumers are less likely to choose the product but the area will still generate significant demand.

The field research process was used in order to establish the geographic delineation of the Primary Market Area (PMA). The process included the recording of spatial activities and time-distance boundary analysis. These were used to determine the relationship of the location of the site and specific subject property to other potential alternative geographic choices. The field research process was then reconciled with demographic data by geography as well as local interviews with key respondents regarding market specific input relating to market area delineation.

Primary Market Area

Based upon field research in Smyrna and a 5 to 10 mile area, along with an assessment of: the competitive environment, transportation and employment patterns, the site location and physical, natural and political barriers - the Primary Market Area (PMA) for the proposed multi-family development consists of the following census tracts within Cobb County:

303.38, 303.39, 310.04, 311.01, 311.05, 311.07,
311.08, 311.09, 311.10, 311.11, 311.12, 312.02,
312.03, and 312.04

(See Market Area Map)

The PMA is bounded as follows:

North	Dobbins Air Reserve Base & Marietta
East	Chattahoochee River & Fulton County
South	US 278 & Mableton
West	State Road 5

Smyrna is the largest populated place within the PMA, representing approximately 48% of the total population.

Transportation access to the PMA and within the PMA is excellent. I-75, I-285 and US 41 are the major north/south connectors. The East West Connector and Concord Road are the major east/west connectors. Access to I-285 is about 1 mile north of the subject.

With regard to the location of an independent living elderly apartment complex, without deep subsidy rental assistance, the City of Smyrna would be the logical choice as a location of a LIHTC elderly complex within the PMA. In this case the complex would not only serve the City, but the PMA as a whole.

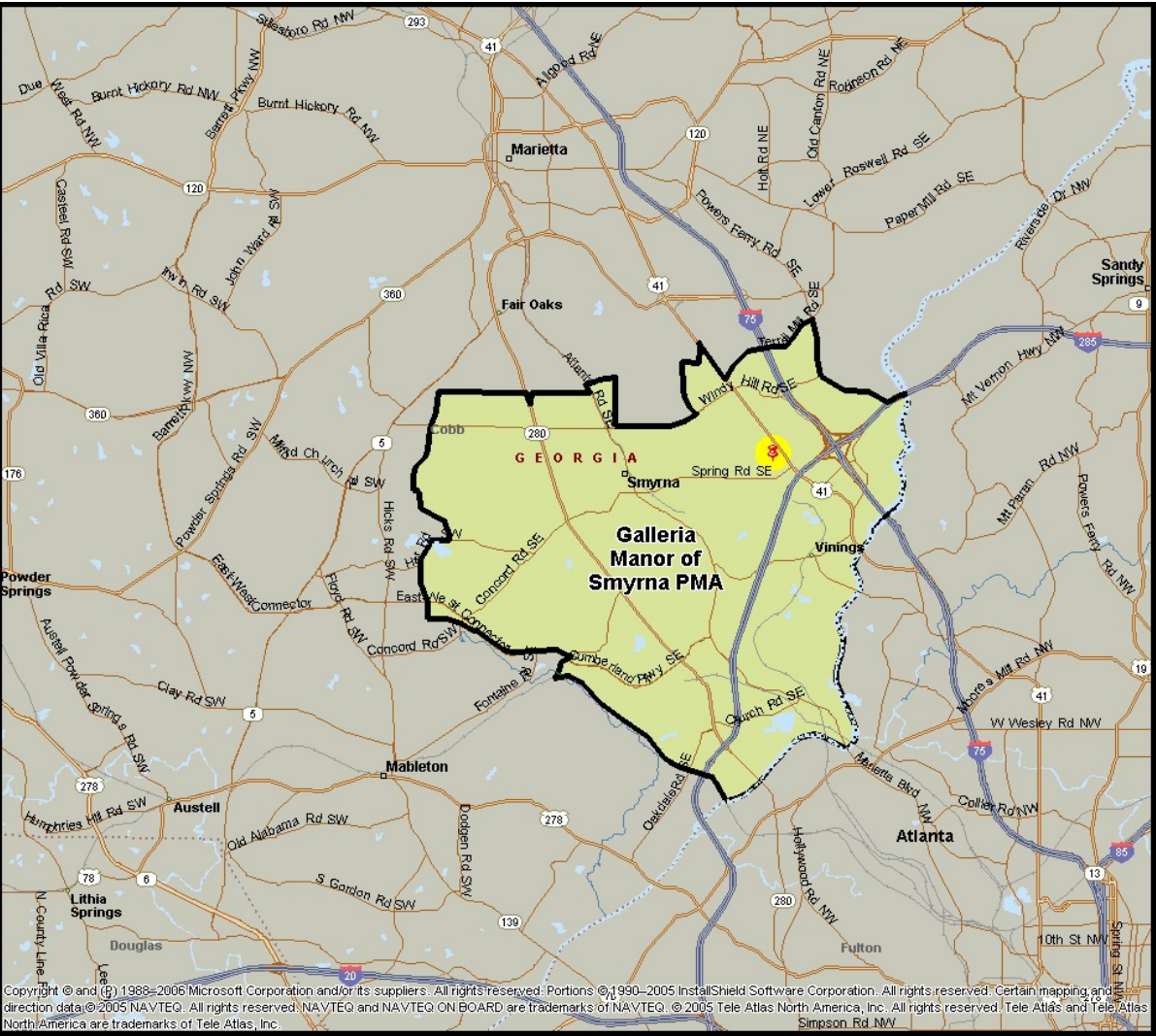
Secondary Market Area

The Secondary Market Area (SMA) consists of that area beyond the Primary Market Area. Demand for the development from the SMA is considered to be good to very good. Typically, 5% to 25% of program assisted elderly apartment complexes are occupied by tenants from outside the PMA. It is estimated that the subject will attract 15% to 20% of its tenant base from outside the PMA. Note: The demand methodology in this market study utilized a GA-DCA market study guideline factor of 15%.

Demand for the subject will predominantly be from: (1) existing renter-occupied elderly households, (2) elderly homeowners who "move down" from an owner position to a renter and (3) new elderly renter household formations. Another source of demand will be from non tenured households currently residing with others, primarily relatives, including grown children and not presently located within a group quarters setting.



- Smyrna PMA
- Galleria Manor of Smyrna PMA
- Pushpins
- SITE



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SECTION E

COMMUNITY DEMOGRAPHIC DATA

Tables 1 through 11 exhibit indicators of trends in total population and household growth, as well as for population and households and 55 and 62 and older.

Population Trends

Table 1, exhibits the change in **total** population in Smyrna, the Galleria Manor PMA and Cobb County between 1990 and 2011. Table 3, exhibits the change in **elderly** population age 55 and over (the age restriction limit for the subject), as well as for population age 62 and over, in Smyrna and the Galleria Manor PMA between 1990 and 2011. The year 2010 is estimated to be the first year of availability for occupancy of the subject property. The year 2000 has been established as the base year for the purpose of estimating new household growth demand, by age and tenure in accordance with the 2008 GA-DCA Market Study Guidelines.

The PMA exhibited significant total population gains during the 1990's, at approximately 2.5% per year. Population gains over the next several years (2007-2010) are forecasted for the PMA at a moderate rate of growth, represented by a rate of change ranging between .40% to .50% per year.

A significant minority of the population in the PMA is located within the City of Smyrna. It is estimated that approximately 48% of the PMA population is located within the City of Smyrna.

The PMA exhibited significant population gains for population age 55+ during the 1990's, at around 1% per year. Population gains over the next several years are forecasted for the PMA for the 55 and over age group at a continuing very significant rate of increase, with a forecasted rate of growth at approximately 4% to 5% per year.

The PMA exhibited significant population gains for population age 62+ during the 1990's, at around 1.5% per year. Population gains over the next several years are forecasted for the PMA for the 62 and over age group at a very significant rate of increase with a forecasted rate of growth at between 4% to 4.5% per year.

Population gains are forecasted in both the 55 and 62 and over age groups for the year 2011 and beyond. The projected increase is not owing to a significant increase in elderly in-migration into the PMA, but instead owing to significant age in-place as the "war baby generation (1940-1945)" and the beginning of the "baby boom generation (1946 to 1950)" begin to enter into the empty nester and retirement population segments in large numbers.

Population Projection Methodology:

The forecasts for both total and elderly were interpolated between 2006 and 2011 for a 2010 estimate.

The Ribbon Demographics HISTA data was used in the forecast of elderly household population, by persons per household, tenure and income. In addition, the Georgia Office of Planning & Budget 2015 forecast and the ESRI data were used as a cross check to the HISTA forecasts, but not in lieu of the other forecasts. Note: The forecasts for the City of Smyrna are subject to local annexation policy and were not estimated beyond the 2006 census estimate.

Sources: (1) 1990 and 2000 US Census, and 2001 - 2006 US Census estimates.

(2) Georgia 2010-2015 Residential Population Project of Georgia Counties, Source: Georgia Governor's Office of Planning and Budget (as of December, 2004).

(3) ESRI 2005/2006 and 2010/2011 Projections, 17th & 18th Editions.

(4) Claritas 2006 and 2011 HISTA Projections, Ribbon Demographics.

Table 1					
Total Population Trends and Projections: Smyrna, Galleria Manor PMA and Cobb County					
Smyrna					
Year	Population	Total Change	Percent	Annual Change	Percent
1990	30,981	-----	-----	-----	-----
2000	40,999	+10,018	+ 32.34	+1,002	+ 3.23
2006	48,632	+ 7,633	+ 18.62	+1,272	+ 3.10
Galleria Manor PMA					
1990	79,346	-----	-----	-----	-----
2000	92,633	+13,287	+ 16.75	+1,329	+ 1.67
2007	99,560	+ 6,927	+ 7.48	+ 990	+ 1.07
2010*	102,751	+ 3,191	+ 3.21	+1,064	+ 1.07
2011	103,815	+ 1,064	+ 1.04	+1,064	+ 1.04
Cobb County					
1990	447,745	-----	-----	-----	-----
2000	607,751	+160,006	+ 35.74	+16,001	+ 3.57
2007	677,422	+ 69,671	+ 11.46	+ 9,953	+ 1.64
2010*	707,192	+ 29,774	+ 4.40	+ 9,925	+ 1.47
2011	717,120	+ 9,924	+ 1.40	+ 9,924	+ 1.40

* 2010 - Estimated year that project is placed in service.

Calculations - Koontz and Salinger. May, 2008.

Table 2 exhibits the change in population by age group in the Galleria Manor PMA between 2000 and 2011.

Table 2 Population by Age Groups: Galleria Manor PMA, 2000 - 2011						
	2000 Number	2000 Percent	2011 Number	2011 Percent	Change Number	Change Percent
Age Group						
0 - 4	5,878	6.35	6,147	5.92	+ 269	+ 4.58
5 - 17	11,342	12.24	15,685	15.11	+4,343	+38.29
18 - 24	11,493	12.41	6,268	6.04	-5,225	-45.46
25 - 44	41,526	44.83	41,084	39.57	- 442	- 1.06
45 - 54	9,979	10.77	14,574	14.04	+4,595	+46.05
55 - 64	5,630	6.08	10,120	9.75	+4,490	+79.75
65 +	6,785	7.32	9,937	9.57	+3,152	+46.46

Sources: 2000 Census of Population, Georgia.

Claritas 2011 HISTA Projections, Ribbon Demographics.

Koontz and Salinger. May, 2008.

Table 2 revealed that population increased in all of the displayed age groups in the PMA between 2000 and 2011, with the exception of the 18 to 44 age groups. The increase is very significant in the primary renter age group: of 55 and over, at almost 60%. Overall, a significant portion of the total PMA population is in the target property age eligible group of 55 and over, representing almost 20% of the total population.

Between 2007 and 2011 total population is projected to increase in the PMA at around 1% per year. This is considered to be a significant rate of growth and will lead to additional residential and commercial development within the PMA. The figure to the right presents a graphic display of the numeric change in population in the PMA between 1990 and 2011.

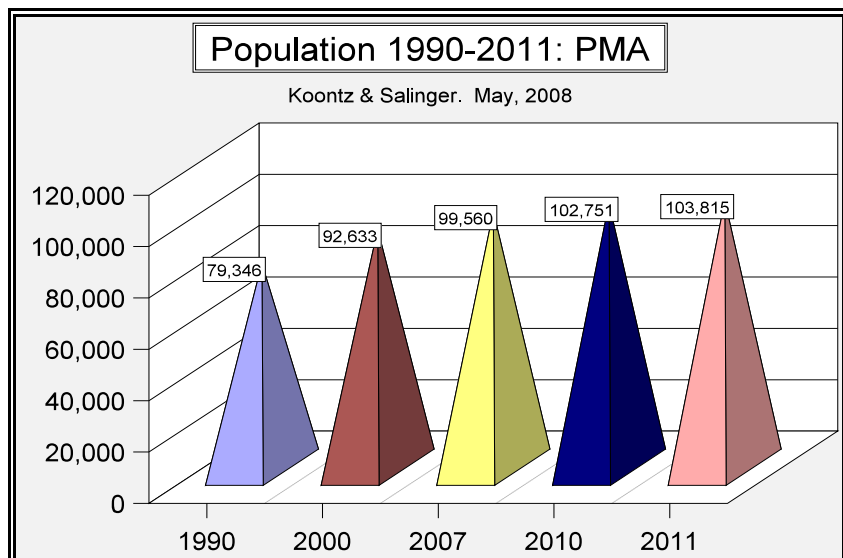


Table 3, exhibits the change in **elderly** population age 55 and over (the age restriction limit for the subject), as well as for population age 62 and over, in Smyrna and the Galleria Manor PMA between 1990 and 2011.

Table 3 Elderly Population (Age 55+ & Age 62+) Trends and Projections: Smyrna and the Galleria Manor PMA					
Smyrna (Age 55+)					
Year	Population	Total Change	Percent	Annual Change	Percent
1990	4,831	-----	-----	-----	-----
2000	5,961	+1,130	+ 23.39	+ 113	+ 2.34
Smyrna (Age 62+)					
1990	3,211	-----	-----	-----	-----
2000	4,054	+ 843	+ 26.25	+ 84	+ 2.63
Galleria Manor PMA (Age 55+)					
1990	11,206	-----	-----	-----	-----
2000	12,415	+1,209	+ 10.79	+ 121	+ 1.08
2007	17,058	+4,643	+ 37.40	+ 663	+ 5.34
2010*	19,307	+2,249	+ 13.18	+ 750	+ 4.39
2011	20,057	+ 750	+ 3.88	+ 750	+ 3.88
Galleria Manor PMA (Age 62+)					
1990	7,050	-----	-----	-----	-----
2000	8,160	+1,110	+ 15.74	+ 111	+ 1.57
2007	10,631	+2,471	+ 30.28	+ 353	+ 4.33
2010*	12,150	+1,519	+ 14.29	+ 506	+ 4.76
2011	12,656	+ 506	+ 4.16	+ 506	+ 4.16

* 2010 - Estimated year that project is placed in service.

Calculations - Koontz and Salinger. May, 2008.

HOUSEHOLD TRENDS & CHARACTERISTICS

Table 4 exhibits the change in **elderly** households (age 55 and over and age 62 and over) in the Galleria Manor PMA between 2000 and 2011. The significant increase in household formations age 55+ and 62+ in the PMA has continued over a 10 year period and reflects the recent population trends and near term forecasts.

The forecast for group quarters is based on trends in the last two censuses. In addition, it includes information collected from local sources as to conditions and changes in group quarters' supply since the 2000 census was taken. Note: It was reported by local officials that there have been no significant additions to group quarters since the last census, nor is any in the pipeline for upcoming development.

Table 4 Household Formations Age 55+ & 62+: 2000 to 2011 Galleria Manor PMA					
Year / Place	Total Population	Population In Group Quarters	Population In Households	Persons Per Household¹	Total Households²
(Age 55+)					
2000	12,415	386	12,029	1.5312	7,856
2007	17,058	560	16,498	1.5845	10,412
2010	19,307	635	18,672	1.5899	11,744
2011	20,057	660	19,397	1.5915	12,188
(Age 62+)					
2000	8,160	386	7,774	1.4953	5,199
2007	10,631	560	10,071	1.5482	6,505
2010	12,150	635	11,515	1.5791	7,292
2011	12,656	660	11,996	1.5880	7,554

Sources: Claritas based 2006 and 2011 HISTA Projections, Ribbon Demographics.
 _____ 2000 Census of Population, Georgia. _____

Calculations: Data was interpolated between 2006 and 2011 and estimated for 2010.
 Koontz & Salinger. May, 2008.

¹Continuation of the 1990 to 2000 persons per household rate of change.

²Population in Households divided by persons per unit count.

<p>Table 5</p> <p>Households Age 55 and Over, by Tenure, by Person Per Household</p> <p>Galleria Manor PMA, 2000 - 2011</p>								
Households	Owner				Renter			
	2000	2011	Change	% 2011	2000	2011	Change	% 2011
1 Person	1,934	2,869	+ 935	33.56%	1,141	2,119	+ 978	58.25%
2 Person	2,870	4,145	+1,275	48.48%	674	1,184	+ 510	32.55%
3 Person	616	903	+ 287	10.56%	78	137	+ 59	3.77%
4 Person	252	401	+ 149	4.69%	86	105	+ 19	2.89%
5 + Person	154	232	+ 78	2.71%	51	93	+ 42	2.56%
Total	5,826	8,550	+2,724	100%	2,030	3,638	+1,608	100%

Sources: 2000 Census of Population, Georgia.
Claritas based 2011 HISTA Projection, Ribbon Demographics.
Koontz and Salinger. May, 2008.

Table 5 indicates that in 2011 approximately 91% of the renter-occupied households age 55 and over in the PMA contain 1 to 2 persons (the target group by household size).

Table 5 indicates that in 2011 approximately 82% of the owner-occupied households age 55 and over in the PMA contain 1 and 2 persons (the target group by household size).

A significant increase in renter-occupied households by size was exhibited by 1 and 2 person households. A moderate increase in renter-occupied households by size was exhibited by 3 person households. One person elderly households are typically attracted to both 1 and 2 bedroom rental units and 2 person elderly households are typically attracted to two bedroom units, and to a much lesser degree three bedroom units.

Tables 6A and 6B exhibit households age 55 and over and age 62 and over, respectively, in the Galleria Manor PMA by owner-occupied and renter-occupied tenure.

The 2000 to 2011 tenure trend revealed an increase in renter-occupied tenure in the PMA for both 55+ and 62+.

Table 6A Households by Tenure: Age 55+ Galleria Manor PMA					
Year/ Place	Total Households	Owner Occupied	Percent	Renter Occupied	Percent
PMA					
2000	7,856	5,826	74.16	2,030	25.84
2007	10,412	7,451	71.56	2,961	28.44
2010	11,744	8,275	70.46	3,469	29.54
2011	12,188	8,550	70.15	3,638	29.85

Table 6B Households by Tenure: Age 62+ Galleria Manor PMA					
Year/ Place	Total Households	Owner Occupied	Percent	Renter Occupied	Percent
PMA					
2000	5,199	3,993	76.80	1,206	23.20
2007	6,505	4,905	75.40	1,600	24.60
2010	7,292	5,426	74.41	1,866	25.59
2011	7,554	5,600	74.13	1,954	25.87

Sources: 2000 Census of Population, Georgia.

Claritas based 2006 and 2011 HISTA Projections, Ribbon Demographics.

Koontz and Salinger. May, 2008.

Table 7 exhibits building permit data between 2000 and March, 2008. The permit data is for the City of Smyrna.

Between 2000 and March, 2008, 3,618 permits were issued in Smyrna, of which, 2 or less than 1% were multi-family units.

<p>Table 7</p> <p>New Housing Units Permitted:</p> <p>City of Smyrna</p> <p>2000-2008¹</p>					
Year	Net Total ²	1 Unit	2 Units	3-4 Units	5+ Units
2000	567	567	--	--	--
2001	498	496	2	--	--
2002	511	511	--	--	--
2003	531	531	--	--	--
2004	479	479	--	--	--
2005	478	478	--	--	--
2006	349	349	--	--	--
2007	187	187	--	--	--
2008	18	18	--	--	--
Total	3,618	3,616	2	--	--

¹Sources: New Privately Owned Housing Units Authorized In Permit Issuing Places, 2000 - 2008, U.S. Department of Commerce, C-40 Construction Reports. U.S. Census Bureau.

²Net total equals new SF and MF dwellings units.

HOUSEHOLD INCOME TRENDS & CHARACTERISTICS

One of the first discriminating factors in residential analysis is income eligibility and affordability. This is particularly of importance when analyzing the need and demand for program assisted multi-family housing.

A professional market study must distinguish between gross demand and effective demand. Effective demand is represented by those elderly households that can both qualify for and afford to rent the proposed multi-family development. In order to quantify this effective demand, the income distribution of the PMA households age 55+ and 62+ must be analyzed.

Establishing the income factors to identify which households are eligible for a specific housing product requires the definition of the limits of the target income range. The lower limit of the eligible range is generally determined by affordability, i.e., the proposed gross rents, average minimum social security payments, and/or the availability of deep subsidy rental assistance (RA) for USDA-RD, PHA and HUD Section 8 developments.

The estimate of the upper income limit is based upon the most recent set of HUD Median Income Guidelines for two person households (the maximum household size allowable for the estimation of elderly in the GA-DCA Market Study Guidelines) in Cobb County, Georgia at 50% and 60% of the area median income (AMI).

For market-rate projects or components of mixed income projects, the entire range is estimated using typical expenditure patterns. While a household may spend as little for rent as required to occupy an acceptable unit, households tend to move into more expensive housing with better features as their incomes increase. In this analysis, the market-rate limits are set at an expenditure pattern of 25% to 45% of household income.

Tables 8A and 8B exhibit owner-occupied households, by age 55+, and by income group, in the Galleria Manor PMA in 2000, forecasted to 2006 and 2011. Tables 9A and 9B exhibit renter-occupied households, by age 55+, and by income group, in the Galleria Manor PMA in 2000, forecasted to 2006 and 2011.

Tables 10A and 10B exhibit owner-occupied households, by age 62+, and by income group, in the Galleria Manor PMA in 2000, forecasted to 2006 and 2011. Tables 11A and 11B exhibit renter-occupied households, by age 62+, and by income group, in the Galleria Manor PMA in 2000, forecasted to 2006 and 2011.

The projection methodology is based on Claritas forecasts for households, by tenure, by age and by income group for the year 2006 and 2011, with a base year data set of 2000 (US Census). A 2010 estimate was interpolated based on the trend between the 2006 and 2011 data sets and utilized within the quantitative demand methodology. Note: The data set used in Tables 8 thru 11 is from Claritas and Ribbon Demographics.

Tables 8A and 8B exhibit owner-occupied households age 55+, by income in the Galleria Manor PMA in 2000, estimated to 2006, and projected to 2011.

Table 8A				
PMA: Owner-Occupied Households Age 55+, by Income Groups				
Households by Income	2000 Number	2000 Percent	2006 Number	206 Percent
Under \$10,000	300	5.66	340	4.74
10,000 - 20,000	715	12.27	699	9.74
20,000 - 30,000	669	11.48	799	11.13
30,000 - 40,000	675	11.59	810	11.29
40,000 - 50,000	660	11.33	830	11.57
50,000 - 60,000	646	11.09	657	9.16
\$60,000 and over	2,131	36.58	3,041	42.38
Total	5,826	100%	7,176	100%

Table 8B				
PMA: Owner-Occupied Households Age 55+, by Income Groups				
Households by Income	2006 Number	2006 Percent	2011 Number	2011 Percent
Under \$10,000	340	4.74	370	4.33
10,000 - 20,000	699	9.74	724	8.47
20,000 - 30,000	799	11.13	887	10.37
30,000 - 40,000	810	11.29	941	11.01
40,000 - 50,000	830	11.57	937	10.96
50,000 - 60,000	657	9.16	888	10.39
\$60,000 and over	3,041	42.38	3,803	44.48
Total	7,176	100%	8,550	100%

Sources: 2000 Census of Population, Georgia.
Claritas, HISTA Data, Ribbon Demographics.
Koontz and Salinger. May, 2008.

Tables 9A and 9B exhibit renter-occupied households age 55+, by income in the Galleria Manor PMA in 2000, estimated to 2006, and projected to 2011.

Table 9A				
PMA: Renter-Occupied Household Age 55+, by Income Groups				
Households by Income	2000 Number	2000 Percent	2006 Number	2006 Percent
Under \$10,000	307	15.12	329	13.22
10,000 - 20,000	352	17.34	436	15.62
20,000 - 30,000	311	15.32	433	15.51
30,000 - 40,000	263	12.96	374	13.40
40,000 - 50,000	207	10.20	290	10.39
50,000 - 60,000	147	7.24	115	4.12
60,000 +	443	21.82	775	27.76
Total	2,030	100%	2,792	100%

Table 9B				
PMA: Renter-Occupied Household Age 55+, by Income Groups				
Households by Income	2006 Number	2006 Percent	2011 Number	2011 Percent
Under \$10,000	329	13.22	455	12.51
10,000 - 20,000	436	15.62	516	14.18
20,000 - 30,000	433	15.51	531	14.60
30,000 - 40,000	374	13.40	473	13.00
40,000 - 50,000	290	10.39	400	11.00
50,000 - 60,000	115	4.12	178	4.89
60,000 +	775	27.76	1,085	29.82
Total	2,792	100%	3,638	100%

Sources: 2000 Census of Population, Georgia.
Claritas, HISTA Data, Ribbon Demographics.
Koontz and Salinger. May, 2008.

Tables 10A and 10B exhibit owner-occupied households age 62+, by income in the Galleria Manor PMA in 2000, estimated to 2006, and projected to 2011.

Table 10A				
PMA: Owner-Occupied Households Age 62+, by Income Groups				
Households by Income	2000 Number	2000 Percent	2006 Number	2006 Percent
Under \$10,000	280	7.01	286	6.05
10,000 - 20,000	656	16.43	622	13.15
20,000 - 30,000	516	12.92	614	12.98
30,000 - 40,000	524	13.12	599	12.66
40,000 - 50,000	499	12.50	627	13.25
50,000 - 60,000	431	10.79	439	9.28
\$60,000 and over	1,087	27.22	1,544	32.64
Total	3,993	100%	4,731	100%

Table 10B				
PMA: Owner-Occupied Households Age 62+, by Income Groups				
Households by Income	2006 Number	2006 Percent	2011 Number	2011 Percent
Under \$10,000	286	6.05	314	5.61
10,000 - 20,000	622	13.15	631	11.27
20,000 - 30,000	614	12.98	690	12.32
30,000 - 40,000	599	12.66	694	12.39
40,000 - 50,000	627	13.25	693	12.38
50,000 - 60,000	439	9.28	616	11.00
\$60,000 and over	1,544	32.64	1,962	35.04
Total	4,731	100%	5,600	100%

Sources: 2000 Census of Population, Georgia.
 Claritas, HISTA Data, Ribbon Demographics.
 Koontz and Salinger. May, 2008.

Tables 11A and 11B exhibit renter-occupied households age 62+, by income in the Galleria Manor PMA in 2000, estimated to 2006, and projected to 2011.

Table 11A				
PMA: Renter-Occupied Household Age 62+, by Income Groups				
Households by Income	2000 Number	2000 Percent	2006 Number	2006 Percent
Under \$10,000	227	18.82	259	17.13
10,000 - 20,000	247	20.48	288	19.05
20,000 - 30,000	216	17.91	286	18.92
30,000 - 40,000	163	13.52	224	14.81
40,000 - 50,000	113	9.37	124	8.20
50,000 - 60,000	75	6.22	65	4.30
60,000 +	165	13.68	266	17.59
Total	1,206	100%	1,512	100%

Table 11B				
PMA: Renter-Occupied Household Age 62+, by Income Groups				
Households by Income	2006 Number	2006 Percent	2011 Number	2011 Percent
Under \$10,000	259	17.13	314	16.07
10,000 - 20,000	288	19.05	348	17.81
20,000 - 30,000	286	18.92	357	18.27
30,000 - 40,000	224	14.81	270	13.82
40,000 - 50,000	124	8.20	169	8.65
50,000 - 60,000	65	4.30	105	5.37
60,000 +	266	17.59	391	20.01
Total	1,512	100%	1,954	100%

Sources: 2000 Census of Population, Georgia.
Claritas, HISTA Data, Ribbon Demographics.
Koontz and Salinger. May, 2008.

Income Threshold Parameters

This market study focused upon the following target population regarding income parameters:

- (1) - Occupied by households at 60 percent or below of area median income.
- (2) - Projects must meet the person per unit imputed income requirements of the Low Income Housing Tax Credit, as amended in 1990. Thus, for purposes of estimating rents, developers should assume no more than the following: (a) For efficiencies and one bedrooms, 1 person; (b) For units with one or more separate bedrooms, 1.5 persons for each separate bedroom. (Note that estimated rents must be net of utility allowances.)
- (3) - The proposed development be available to Section 8 voucher holders.
- (4) - The 2008 HUD Income Guidelines were used.
- (5) - 10% of the units will be set aside as market rate with no income restrictions.

Analyst Note: The subject will comprise 24 one, 88 two and 8 three-bedroom units. The recommended maximum number of people per unit (for elderly designation) is:

1BR - 1 and 2 persons
2BR & 3BR - 2 persons

Analyst Note: As long as the unit in demand is income qualified there is no minimum number of people per unit. It is assumed that the target group for the proposed elderly development (by household size) will be one and two persons. Given the intended subject targeting by age, only household sizes of 1 and 2 persons were utilized in the determination of the income ranges, by AMI.

The proposed development will target approximately 32% of the units at 50% or below of area median income (AMI); 58% at 60% AMI; and 10% at Market.

The lower portion of the target income range is set by the proposed subject 1BR, 2BR and 3BR rents at 50%, 60% and Market.

It is estimated that households at the subject will spend between 30% and 45% of income for gross housing expenses, including utilities and maintenance. Recent Consumer Expenditure Surveys (including the most recent) indicate that the average cost paid by renter households is around 36% of gross income. Given the subject property intended target group it is estimated that the target LIHTC income group will spend between 25% and 50% of income to rent. GA-DCA has set the estimate for elderly applications at 40%.

The proposed 1BR net rent at 50% AMI is \$577. The estimated utility costs is \$90. (Source: Applicant) The proposed 1BR gross rent is \$667. The lower income limit at 50% AMI based on a rent to income ratio of 40% is established at \$20,010.

The proposed 1BR net rent at 60% AMI is \$711. The estimated utility costs is \$90. (Source: Applicant) The proposed 1BR gross rent is \$801. The lower income limit at 60% AMI based on a rent to income ratio of 40% is established at \$24,030.

The proposed 1BR net rent at Market is \$725. The estimated utility costs is \$90. (Source: Applicant) The proposed 1BR gross rent is \$815. The lower income limit at Market based on a rent to income ratio of 40% is established at \$24,450.

The AMI at 30%, 50% and 60% for 1, 2, and 3 person households in the Atlanta MSA (which includes Cobb County):

	30% AMI	50% AMI	60% AMI
1 Person -	\$14,950	\$24,900	\$29,880
2 Person -	\$17,100	\$28,500	\$34,200
3 Person -	\$19,200	\$32,050	\$38,460

Source: 2008 HUD Median Income Guidelines.

The overall income range for the targeting of income eligible households at 50% AMI is \$20,010 to \$28,500.

The overall income range for the targeting of income eligible households at 60% AMI is \$24,030 to \$34,200.

The overall income range for the targeting of income eligible households at Market is \$24,450 to \$50,000.

SUMMARY

Target Income Range - Subject Property - by Income Targeting Scenario

50% AMI

The subject will position 38-units at 50% AMI.

The overall **Target Income Range** for the proposed subject property targeting households age 62+ at 50% AMI is \$20,010 to \$28,500.

It is projected that in 2010 approximately **16%** of the renter households age 62+ in the PMA were in the subject property 50% AMI LIHTC target income group.

It is projected that in 2010 approximately **10.5%** of the owner households age 62+ in the PMA were in the subject property 50% AMI LIHTC target income group.

60% AMI

_____The subject will position 69-units at 60% AMI.

The overall **Target Income Range** for the proposed subject property targeting households age 62+ at 60% AMI is \$24,030 to \$34,200.

It is projected that in 2010 approximately **17%** of the renter households age 62+ in the PMA were in the subject property 60% AMI LIHTC target income group.

It is projected that in 2010 approximately **13%** of the owner households age 62+ in the PMA were in the subject property 60% AMI LIHTC target income group.

Market Rate

The subject will position 13-units at Market.

The overall **Target Income Range** for the proposed subject property targeting households age 62+ at Market Rate is \$24,450 to \$50,000.

It is projected that in 2010 approximately **34%** of the renter households and 62+ in the PMA were in the subject property Market Rate target income group.

It is projected that in 2010 approximately **30.5%** of the owner households and 62+ in the PMA were in the subject property Market Rate target income group.

Adjustments

In order to adjust for income overlap between the 50% and 60% AMI income segments and the 60% AMI and Market Rate income segments several adjustments were made resulting in the following discrete estimates/percentages of household age 62+:

	<u>Owner-Occupied</u>	<u>Renter-Occupied</u>
50% AMI	7.0%	10.0%
60% AMI	11.0%	14.5%
Market Rate	19.5%	16.0%

ECONOMIC & EMPLOYMENT TRENDS

The economic trends reflect the ability of the area to create and sustain growth, and job formation is typically the primary motivation for positive net immigration.

Tables 12 through 17 exhibit labor force trends by employment, changes in employment sectors and changes in average annual weekly wages for Cobb County. Also, exhibited are the major employers for the immediate labor market area. A summary analysis is provided at the end of this section.

Table 12 Civilian Labor Force and Employment Trends, Cobb County: 2000, 2006 and 2007			
	2000	2006	2007
Civilian Labor Force	362,143	374,698	383,702
Employment	352,181	359,267	369,032
Unemployment	9,962	15,431	14,670
Rate of Unemployment	2.8%	4.1%	3.8%

Table 13 Change in Employment, Cobb County				
Years	# Total	# Annual*	% Total	% Annual*
2000 - 2006	+ 7,086	+1,012	+ 2.01	+ 0.29
2006 - 2007	+ 9,765	Na	+ 2.72	Na

* Rounded

Na - Not applicable

Sources: Georgia Labor Force Estimates, 2000 - 2007. Georgia Department of Labor, Workforce Information Analysis.

Koontz and Salinger. May, 2008.

Employment Trends

Table 14

Employment Change and Rates of Unemployment, Cobb County

Year	Number Employed	Change Over Previous Year	Unemployment Rate
2000	352,181	-----	2.8
2001	353,173	+ 992	3.3
2002	349,251	- 3,922	4.5
2003	348,517	- 734	4.4
2004	347,660	- 857	4.3
2005	354,868	+ 7,208	4.6
2006	359,267	+ 4,399	4.1
2007	369,032	+ 9,765	3.8
2008 (01)	370,672	-----	4.5
2008 (02)	369,543	- 1,129	4.5
2008 (03)	372,776	+ 3,233	4.5

Table 15 Average Monthly Covered Employment by Sector, Cobb County, 2005 and 2006							
Year	Total	Con	Mfg	T	FIRE	HCSS	G
2005	310211	26,151	21,825	63,387	21,609	24,540	32,036
2006	309449	26,910	20,869	62,091	19,263	25,455	33,128
05-06 # Ch.	- 762	+759	- 956	-1,296	-2,346	+ 915	+1,092
05-06 % Ch.	-0.2	+2.9	- 4.4	- 2.0	- 10.9	+ 3.7	+ 3.4

% Ch. 2005 to 2006 = % Increase/Decrease

Note: Con - Construction; Mfg - Manufacturing; T - Retail and Wholesale Trade; FIRE - Finance, Insurance and Real Estate; HCSS - Health Care and Social Services; G - Federal, State & Local Government

Sources: Georgia Labor Force Estimates, 2000 - 2008. Georgia Department of Labor, Workforce Information Analysis.

Koontz and Salinger. May, 2008.

Table 16, exhibits average annual weekly wages in 2005 and 2006 in the major employment sectors in Cobb County. The rate of change in wages has for the most part matched or exceeded the recent rate of inflation, as measured by the consumer price index (CPI) for about one-third of the employment sectors and has stabilized or fallen behind the CPI for about one-third. It is estimated that the majority of workers in the service and trade sectors in 2008 will have average weekly wages between \$425 and \$950.

Table 16 Average Annual Weekly Wages, 2005 and 2006 Cobb County				
Employment Sector	2005	2006	% Numerical Change	Annual Rate of Change
Total	\$ 851	\$ 880	+ 29	+ 3.4
Construction	\$ 895	\$ 928	+ 33	+ 3.7
Manufacturing	\$1080	\$1111	+ 31	+ 2.9
Wholesale Trade	\$1282	\$1309	+ 27	+ 2.1
Retail Trade	\$ 556	\$ 559	+ 3	+ 0.5
Transportation & Warehouse	\$ 799	\$ 806	+ 7	+ 0.9
Finance	\$1181	\$1247	+ 66	+ 5.6
Real Estate Leasing	\$1037	\$1250	+ 213	+20.5
Health Care Services	\$ 848	\$ 870	+ 22	+ 2.6
Leisure & Hospitality	\$ 294	\$ 295	+ 1	+ 0.3
Federal Government	\$1052	\$1103	+ 51	+ 4.9
State Government	\$ 697	\$ 706	+ 9	+ 1.3
Local Government	\$ 686	\$ 728	+ 42	+ 6.1

Sources: Georgia Department of Labor, Workforce Information Analysis, Covered Employment, Wages and Contributions, 2005 and 2006.

Koontz and Salinger. May, 2008.

Major Employers

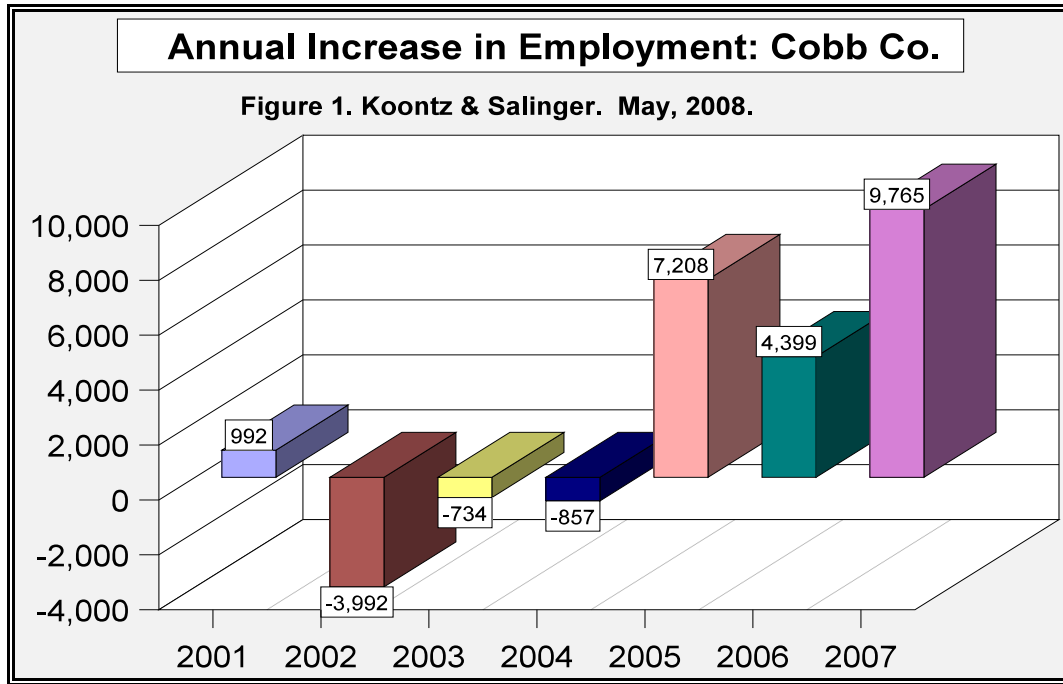
The major employers in Metro Atlanta are listed in Table 17.

Table 17		
Major Employers		
Firm	Product/Service	Employees
Gwinnett County	School System	27,197
Emory University	Education	21,797
Delta Air Lines	Transportation	19,235
Publix	Grocery	16,855
Kroger	Grocery	15,500
Bell South	Telecommunications	15,500
Walmart	Retail Trade	14,700
DeKalb County	School System	14,500
US Postal Service	Mail System	14,000
Home Depot	Retail Trade	13,184
Cobb County	School System	13,000
Fulton County	School System	10,892
UPS	Express Document Service	10,500
Wellstar	Healthcare	10,112
Atlanta City	Government	7,934
SunTrust Banks	Finance	7,768
Lockheed Martin	Defense Contractor	7,531
IBM	Computer Services	7,500
Northside Hospital	Healthcare	7,100
Georgia Tech	University	7,075
Cobb County	Government	5,761
Atlanta Public	School System	6,702
US Center for Disease Control	Disease Prevention	6,500
Wachovia	Finance	6,000
Turner Broadcasting	News & Entertainment	5,959
Kennesaw State	University	3,726
The Southern Company	Energy Company	5,490

Sources: Metro Atlanta Chamber of Commerce, Research Department.
Cobb County Office of Economic Development.

SUMMARY

The economic situation for Cobb County is statistically represented by employment activity, both in workers and jobs. As represented in Tables 8-13, Cobb County has experienced mostly significant employment gains from the mid part of the new decade onward. Employment losses were experienced between 2002 and 2004, primarily in the manufacturing sector of the local economy. Over the last two years, very significant net gains in employment levels have been the norm in Cobb County.

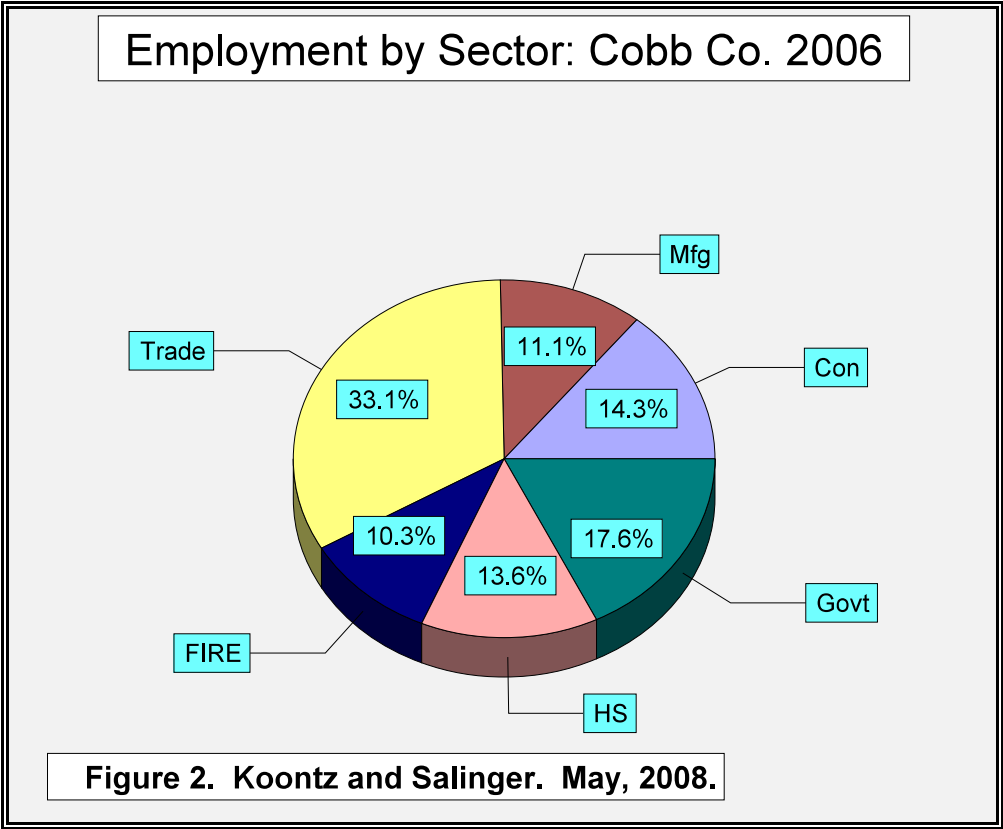


As represented in Figure 1 (and Table 11), between 2000 and 2006, the average increase in employment was approximately 1,000 workers or around +0.3%, per year. The rate of employment gain between 2006 and 2007, was very significant at over 2.5%, representing a net increase of over 9,750 workers.

The Metro Atlanta/Cobb County economy is extremely well diversified with an excellent mixture of service, trade, communications, government and manufacturing employment opportunities. The site is located within 15-miles of several major areas of employment opportunities including: (1) the Downtown Central Business District of Atlanta, (2) the Marietta Downtown Central Business District, (3) the Cobb County Government Complex, (4) the Cobb Galleria Centre complex, (5) Dobbins Air Reserve Base, (6) the WellStar Health System and (7) several area industrial and business parks.

Cobb County is home to 212 international firms, many of which are located within the 10 industrial and business parks located in the immediate vicinity of Marietta. Cobb County has a very large service and trade sector employment base, which is mostly highly educated (about 50%) and with the second highest per capita income in Metro Atlanta, as well as for the State as a whole.

Figure 2 exhibits employment by sector in Cobb County in 2006. The top employment sectors in the County are: manufacturing, trade, government and service. The forecast for 2007 is for the manufacturing sector to either stabilize or decrease slightly. The forecast for the service (in particular healthcare services), trade and government sectors is for an increase in employment.

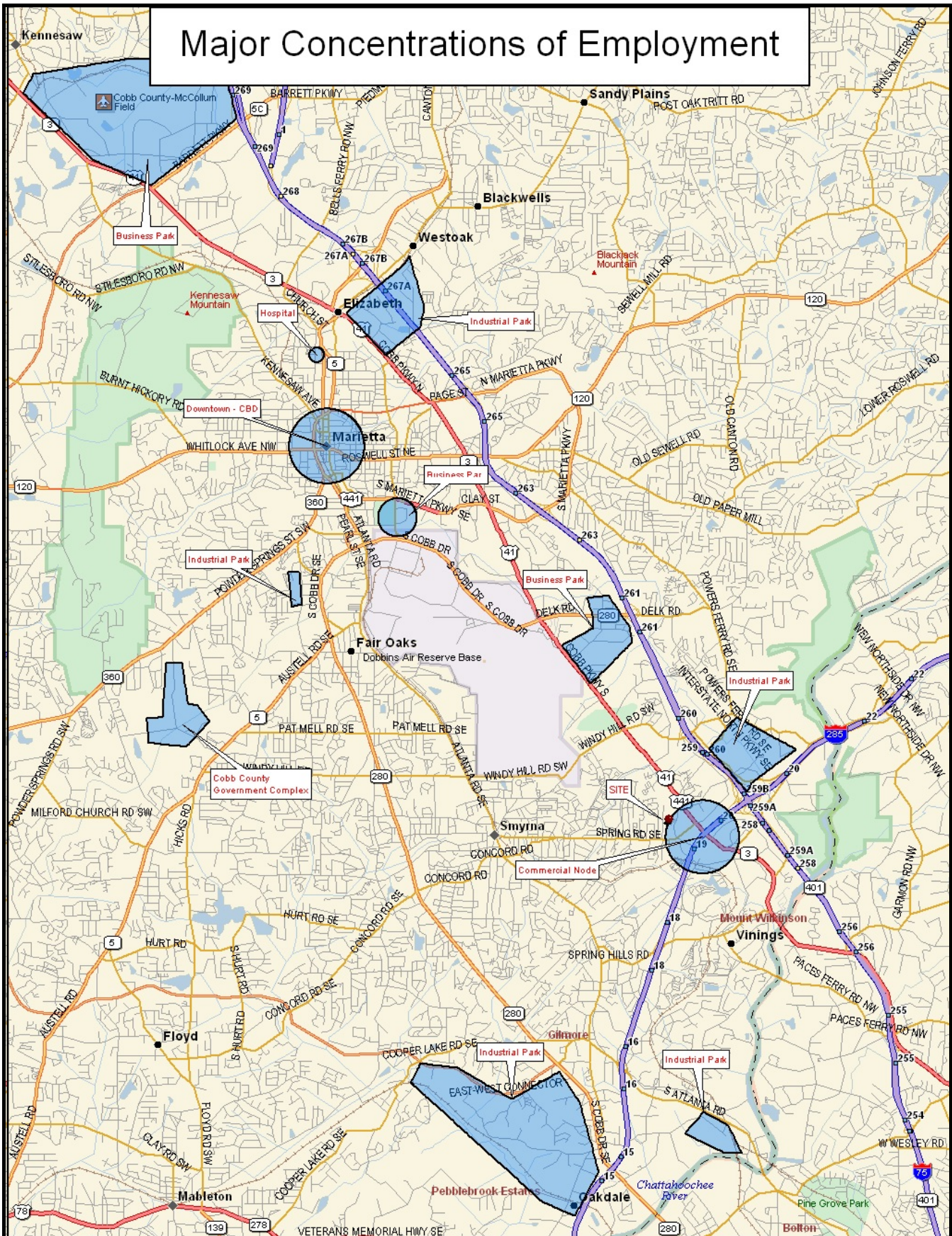


Local Economy - Relative to Subject & Impact on Housing Demand

The Metro Atlanta / Cobb County area economy has a large number of low to moderate wage workers employed in the service, trade, and manufacturing sectors. Given the excellent location of the site, with good proximity to several employment nodes, the proposed subject development will very likely attract the few elderly household potential renters age 62 and over from those sectors of the workforce who are in need of affordable housing and still desire to remain within the workforce.

A map of the major employment concentrations in the PMA is exhibited on the next page.

Major Concentrations of Employment



DeLORME

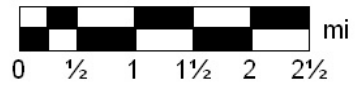
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MN (4.2° W)



Data Zoom 11-1

SECTION F

PROJECT-SPECIFIC DEMAND ANALYSIS

This analysis examines the area market demand in terms of a specified GA-DCA demand methodology. This incorporates several sources of income eligible demand, including demand from new renter household growth and demand from

existing elderly renter households already in the Smyrna market.

Note: All elements of the demand methodology will be segmented by age (elderly 62 and over) and income, owing to the availability of detailed age 62+ income by tenure data.

This methodology develops an effective market demand comprising eligible demand segments based on household characteristics and typical demand sources. It evaluates the required penetration of this effective demand pool. The section also includes estimates of reasonable absorption of the proposed units. The demand analysis is premised upon an estimated projected year that the subject will be placed in service of 2010.

In this section, the effective project size is 120-units. Throughout the demand forecast process, income qualification is based on the distribution estimates derived in Tables 10 and 11 from the previous section of the report.

Subsequent to the derivation of the annual demand estimate, the project is considered in the context of the current market conditions. This assesses the size of the proposed project compared to the existing population, including factors of tenure and income qualification. This indicates the proportion of the occupied housing stock that the project would represent and gives an indication of the scale of the proposed complex in the market. This does not represent potential demand, but can provide indicators of the validity of the demand estimates and the expected capture rates.

The demand analysis will address the impact on demand from existing and proposed like-kind competitive supply. In this case, demand is discriminated by age and income.

Finally, the potential impact of the proposed project on the housing market supply is evaluated, particularly the impact on other like-kind assisted elderly apartment projects in the market area.

Effective Demand Pool

In this methodology, there are five basic sources of demand for an apartment project to acquire potential elderly tenants:

- * net renter household formation (normal growth),
- * existing elderly households who are living in substandard housing,
- * existing renters who choose to move to another unit, typically based on affordability (rent overburdened) and project location and features, and
- * current homeowners who elect to become renters, typically based on changing physical and financial circumstances and yield to the difficulty in maintaining a home.
- * existing elderly households who are living with others, including grown children and are not a census designated renter or owner householder, **Note:** this segment of demand is not derived from group quarters population, which is not considered to be a component of demand. In addition, the 2008 State of Georgia Qualified Action Plan allows for this segment of demand. Source: 2008 QAP Page 7 of 29, Appendix I - Threshold Criteria.

As required by the most recent set of GA-DCA Market Study Guidelines, several adjustments are made to the basic model. The methodology adjustments are:

- (1) taking into consideration like-kind competitive units now in the "pipeline", and/or under construction within the 2007 to 2010 forecast period,
- (2) taking into consideration like-kind competition introduced into the market between 2000 and 2007,
- (3) for population age 55 to 61 or age 55 to 64 (a 10% adjustment factor), and
- (4) for secondary market area demand (a 15% adjustment factor).

The age 55 to 61 and secondary market area adjustment factors are pre determined and specified within the most current GA-DCA Market Study Guideline instructions.

Demand from New Elderly Renter Households (Growth)

For the PMA, forecast housing demand through household formation (age 62+) totals 110 renter-occupied households over the 2000 to 2010 forecast period.

Based on 2010 income forecasts, 106 new renter households (age 62+) fall into the Market Rate income segment of the proposed subject property; 66 into the 50% AMI target income segment; and 96 into the 60% AMI target income segment.

Demand from Existing Renters that are In Substandard Housing

The most current and reliable data from the US Census regarding substandard housing is the 2000 census. By definition, substandard housing in this market study is from Tables H21 and H48 in Summary File 3 of the 2000 census - Tenure by Age of Householder by Occupants Per Room and Tenure by Plumbing Facilities, respectively. In 2000, 0 households were living in renter-occupied dwelling units without complete plumbing facilities in the PMA (adjusted for age 65+). Based on a field analysis of Smyrna and Cobb County, along with an examination of the trends in substandard data, by age, between the 1990 and 2000 censuses, it is estimated that in 2010 there are 0 renter households (age 65+) in substandard housing conditions in the PMA.

It is estimated that there are 24 renter households (age 62+) in overcrowded conditions in 2000. (Note: The 55 to 64 age group was pro rated in order to adjust for that segment between 62 and 64.)

Overall, it is estimated that there are 15 elderly renters in substandard housing in 2010.

Based on 2010 income forecasts, 2 substandard renter households fall into the Market Rate income segment of the proposed subject property; 1 into the 50% AMI target income segment; and 2 into the 60% AMI target income segment.

Demand from Existing Renters

An additional source of demand for rental units is derived from renter households desiring to move to improve their living conditions, to accommodate different space requirements, because of changes in financial circumstances or affordability. For this portion of the estimate, rent overburdened households are included within the estimated demand of this segment of the analysis. Note: This segment of the demand analysis excluded the estimate of demand by substandard housing as defined in the previous segment of the demand analysis.

In the PMA it is estimated that 296 existing renter households (age 62+) fall into the Market Rate income segment of the proposed subject property. In the PMA it is estimated that 185 existing renter households (age 62+) fall into the 50% AMI target income segment of the proposed subject property. In the PMA it is estimated that 268 existing renter households (age 62+) fall into the 60% AMI target income segment of the proposed subject property.

Age 55 to 61 / 55 to 64 Adjustment (10% factor)

_____The following is stated in the 2008 GA-DCA Market Study Guidelines: "Housing for Older Persons Rental Demand will be calculated at 110% of the Elderly Qualified Rental Households demand for the primary market area." The 10% adjustment factor is applied to the **combined** elderly renter demand estimates as detailed on the previous page. In this case the adjustment factor is applied to the residual age group of 55 to 61 for new growth and existing renters and to 55 to 64 for the estimate of demand from substandard elderly renter housing.

The age adjustment factor increased demand by 40 households at Market Rate; by 25 households at 50% AMI; and by 37 households at 60% AMI.

Demand from Existing Owners that are In Substandard Housing

The most current and reliable data from the US Census regarding substandard housing is the 2000 census. By definition, substandard housing in this market study is from Tables H21 and H48 in Summary File 3 of the 2000 census - Tenure by Age of Householder by Occupants Per Room and Tenure by Plumbing Facilities, respectively. In 2000, 0 households were living in owner-occupied dwelling units without complete plumbing facilities in the PMA (adjusted for age 65+). Based on a field analysis of Smyrna and Cobb County, along with an examination of the trends in substandard data, by age, between the 1990 and 2000 censuses, it is estimated that in 2010 there are 0 owner households (age 65+) in substandard housing conditions in the PMA.

It is estimated that there are 0 owner households (age 62+) in overcrowded conditions in 2000. (Note: The 55 to 64 age group was pro rated in order to adjust for that segment between 62 and 64.)

Overall, it is estimated that there are 0 elderly owners in substandard housing in 2010.

Based on 2010 income forecasts, 0 substandard owner households fall into the Market Rate income segment of the proposed subject property; 0 into the 50% AMI target income segment; and 0 into the 60% AMI target income segment.

Elderly Homeowner Tenure Conversion

An additional source of potential tenants involves elderly householders who currently own a home, but who may switch to a rental unit. This tendency is divergent for non-elderly and elderly households, and is usually the result of changes in circumstances in the households - the financial ability to pay maintenance costs and property taxes, the physical ability to maintain a larger, detached house, or an increased need for security and proximity of neighbors. In most cases, the need is strongest among single-person households, primarily female, but is becoming more common among older couples as well. Frequently, pressure comes from the householders' family to make the decision to move.

Recent surveys of new assisted housing for the elderly have

indicated that an average of 15% to 30% of a typical, elderly apartment project's tenants were former homeowners. In order to remain conservative this demand factor was capped at **10%** in rural and **5%** semi-rural and urban markets.

After income segmentation, this results in 53 elderly households (age 62+) added to the target demand pool at Market Rate; 19 elderly households (age 62+) added to the target demand pool at 50% AMI; and 30 elderly households (age 62+) added to the target demand pool at 60% AMI.

Note: This element of the demand methodology does not allow for more than 20% of the overall demand estimate (up to this portion of the demand methodology) to be derived from owner-occupied tenure. (This is to ensure that there is no over weighting of demand from this portion of the demand methodology.)

After adjusting for the 20% Rule, there was no change in the calculations for this segment of the quantitative demand methodology.

Demand from Elderly Households in a Non Tenure Setting

The most current and reliable data from the US Census regarding elderly households living with others (e.g., grown children) is the 2000 US Census. Note: In order to remain conservative: (1) this estimate of demand was only applied to elderly households age 65 and over, i.e., those most likely to be residing with grown children and relatives, (2) the renter-occupied income estimates were applied versus the owner-occupied estimates and (3) the data was not forecasted to 2010, but instead held constant at 2000.

Table H16 in STF 1 exhibits tenure by age of householder. The data in this table that was use was age 65+ for both owner-occupied and renter-occupied. The resultant for the PMA was 4,277 households, age 65+. Table P23 in STF 1 exhibits households by presence of people 65 years and over, by household size and household type. The data used in this table was the total number of households with one or more people age 65 and over. This came to 4,859 households in the PMA. The difference is 582 households with 1 or more persons age 65+, not in a tenure setting, other than residing with others.

Based on 2010 income forecasts, 113 elderly households fall into the Market Rate income segment of the proposed subject property; 40 elderly households fall into the 50% AMI LIHTC target income segment; and 64 elderly households fall into the 60% AMI LIHTC target income segment.

Note: This element of the demand methodology does not allow for more than 20% of the overall demand estimate (up to this portion of the demand methodology) to be derived from owner-occupied tenure. (This is to ensure that there is no over weighting of demand from this portion of the demand methodology.)

After adjusting for the 20% Rule, there are changes in the calculations for this segment of the quantitative demand methodology: at 50% AMI the reduction is 40 households; at 60% AMI the reduction is 14 households; and at Market the reduction is 33 households.

Secondary Market Area Adjustment (15% factor)

_____The following is in the 2008 GA-DCA Market Study Guidelines: "To accommodate for the secondary market area, the Demand from Existing Qualified Households within the primary market area will be multiplied by 115% to account for demand from the secondary market area." The 15% adjustment factor is applied to all of the **combined** elderly demand estimates (regardless of tenure) as detailed in the overall demand methodology.

The secondary market area adjustment factor increased demand by 87 elderly households at Market Rate; by 49 elderly households at 50% of AMI; and by 52 elderly households at 60% of AMI.

Total Effective Tenant Pool

The potential demand from these sources (in the methodology) total 664 households/units at Market. The potential demand from these sources (in the methodology) total 375 households/units at 50% AMI. The potential demand from these sources (in the methodology) total 400 households/units at 60% AMI. These estimates comprise the total income qualified demand pool from which the tenants at the proposed project will be drawn from the PMA. These estimates of demand were adjusted for the introduction of new like-kind supply into the PMA since 2000. Naturally, not every household in this effective demand pool will choose to enter the market for a new unit; this is the gross effective demand.

The final segmentation process of the demand methodology was to subtract out like-kind competition/supply in the PMA built as a LIHTC property or acquired and rehabed as a LIHTC property since 2000. In the case of the subject, like-kind supply includes other LIHTC and/or LIHTC/Home family developments, and Tax Exempt Bond family developments. Note: Since 2000, one new construction competitive elderly apartment developments has been introduced into or very near to the PMA offering LIHTC and Market Rate units.

Like Kind Supply

Legacy @ Walton Village 2006 (87 LIHTC and 38 @Market)

Taking these complexes into consideration reduced the target demand pool to 343 at 50% AMI; 365 at 60% AMI; and 626 at Market.

Upcoming Direct Competition

An additional adjustment is made to the total demand estimate. The estimated number of direct competitive supply under construction and/or in the pipeline for development must be taken into consideration. According to local sources and documentation no LIHTC program assisted multi-family apartment developments targeting the elderly population are in the pipeline for development within the PMA.

Source: Interviews with existing area LIHTC apartment managers and a review of approved applications presented to GA-DCA between 2000 and 2007 within the Smyrna and Marietta market, focusing on that area within the PMA

The segmented, effective demand pool for the proposed LIHTC/Market Rate acquisition/rehab elderly development is summarized in Table 18.

Table 18**LIHTC Quantitative Demand Estimate: Galleria Manor of Smyrna PMA**

	Market <u>Rate</u>	AMI <u>50%</u>	AMI <u>60%</u>
● <u>Demand from New Growth - Elderly Renter Households</u>			
Total Projected Number of Households (2010)	1,866	1,866	1,866
Less: Current Number of Households (2000)	<u>1,206</u>	<u>1,206</u>	<u>1,206</u>
Change in Total Renter Households	+ 660	+ 660	+ 660
% of Renter Households in Target Income Range	<u>16%</u>	<u>10%</u>	<u>14.5%</u>
Total Demand from New Growth	106	66	96
● <u>Demand from Substandard Housing with Renter Households</u>			
Number of Households in Substandard Housing(2000)	24	24	24
Number of Households in Substandard Housing(2010)	15	15	15
% of Substandard Households in Target Income Range	<u>16%</u>	<u>10%</u>	<u>14.5%</u>
Number of Income Qualified Renter Households	2	1	2
● <u>Demand from Existing Elderly Renter Households</u>			
Number of Renter Households (2010)	1,866	1,866	1,866
Minus Number of Substandard Renter Household	<u>- 15</u>	<u>- 15</u>	<u>- 15</u>
Total in Eligible Demand Pool	1,851	1,851	1,851
% of Households in Target Income Range	<u>16%</u>	<u>10%</u>	<u>14.5%</u>
Number of Income Qualified Renter Households	296	185	268
● <u>Age 55 to 61 / 55 to 64 Adjustment</u>			
Total Demand from Elderly Renters age 62+/65+	404	252	366
Adjustment Factor of 10%	<u>10%</u>	<u>10%</u>	<u>10%</u>
Demand from Age Adjustment	40	25	37
● <u>Total Demand From Elderly Renters</u>	444	277	403
● <u>Demand from Substandard Housing with Owner Households</u>			
Number of Households in Substandard Housing(2000)	0	0	0
Number of Households in Substandard Housing(2010)	0	0	0
% of Substandard Households in Target Income Range	<u>19.5%</u>	<u>7%</u>	<u>11%</u>
Number of Income Qualified Owner Households	0	0	0
● <u>Demand from Existing Elderly Owner Households</u>			
Number of Owner Households (2010)	5,426	5,426	5,426
Minus Number of Substandard Owner Household	<u>- 0</u>	<u>- 0</u>	<u>- 0</u>
Total in Eligible Demand Pool	5,426	5,426	5,426
% of Households in Target Income Range	<u>19.5%</u>	<u>7%</u>	<u>11%</u>

Number of Income Qualified Owner Households	1,058	380	597
Proportion Income Qualified (likely to Re-locate)	<u>5%</u>	<u>5%</u>	<u>5%</u>
Total	53	19	30
20% Rule Adjustment	<u>- 0</u>	<u>- 0</u>	<u>- 0</u>
Net (after adjustment)	53	19	30
• <u>Total Demand From Elderly Owners</u>	53	19	30
• <u>Demand from Elderly in Non Tenure Settings</u>			
Number of Elderly Households living w/others (2000)	582	582	582
Number of Elderly Households living w/others (2010)	582	582	582
% of Substandard Households in Target Income Range	<u>19.5%</u>	<u>7%</u>	<u>11%</u>
Number of Income Qualified Elderly Households	113	40	64
20% Rule Adjustment	<u>- 33</u>	<u>- 10</u>	<u>- 14</u>
Net (after adjustment)	80	30	50
• <u>Net Total Demand (Renter, Owner & Non Tenure)</u>	577	326	348
• <u>Secondary Market Area Adjustment</u>			
Net Total Demand	577	326	348
Adjustment Factor of 15%	<u>15%</u>	<u>15%</u>	<u>15%</u>
Demand from SMA Adjustment	87	49	52
• <u>Gross Total Demand (Renter, Owner, Non Tenure & SMA)</u>	664	375	400
Minus New Supply of Competitive Units (2000-2007)*	<u>- 38</u>	<u>- 32</u>	<u>35</u>
• <u>Gross Total Demand (Renter, Owner, Non Tenure & SMA)</u>	626	343	365

* Legacy @ Walton Village

Capture Rate Analysis

Total Number of Households Income Qualified = 708. For the subject 107 LIHTC units this equates to an overall LIHTC Capture Rate of **15.1%**. The overall project Capture Rate of **9.0%**.

	Market	50%	60%
	<u>Rate</u>	<u>AMI</u>	<u>AMI</u>
• <u>Capture Rate</u> (LIHTC Segment)			
Number of Units in LIHTC Segment	13	38	69
Number of Income Qualified Households	626	343	365
Required Capture Rate	2.1%	11.1%	18.9%

- Total Demand by Bedroom Mix

Approximately 50% of the 55 and over population in the PMA is in the 55 to 64 age group. Also, of the PMA elderly population age 62+ that comprises 1 and 2 person households (both owners and renters), approximately 40% are 1 person and 60% are 2 person (see Table 5). In addition, the size of the households age 62+ in the 2010 forecast year increased to approximately 1.58 versus around 1.50 in the 2000 Census, and in turn suggests additional demand support for 2BR units.

Based on these data it is assumed that 40% of the target group will demand a 1BR unit, 55% a 2BR unit and 3% for a 3BR unit.

Total Demand by Bedroom Type **(at Market)**

1BR - 250
2BR - 344
3BR - 32
Total - 626

	<u>Total Demand</u>	<u>Units Proposed</u>	<u>Capture Rate</u>
1BR	250	3	1.2%
2BR	344	9	2.6%
3BR	32	1	3.1%

Total Demand by Bedroom Type **(at 50% AMI)**

1BR - 137
2BR - 189
3BR - 17
Total - 343

	<u>Total Demand</u>	<u>Units Proposed</u>	<u>Capture Rate</u>
1BR	137	8	5.8%
2BR	189	27	14.3%
3BR	17	3	17.6%

Total Demand by Bedroom Type **(at 60% AMI)**

1BR - 146
2BR - 201
3BR - 18
Total - 365

	<u>Total Demand</u>	<u>Units Proposed</u>	<u>Capture Rate</u>
1BR	146	13	8.9%
2BR	201	52	25.9%
3BR	18	4	22.2%

Absorption Rate Analysis

Given the strength (or lack of strength) of the demand estimated in Table 18, the worst case scenario for 93% to 100% rent-up is estimated to be 12 months (at 10-units per month on average). The most likely/best case rent-up scenario suggests a 6 to 9-month rent-up time period (an average of 13 to 20-units per month).

Note: The absorption of the project is contingent upon an attractive product, professional management, and a strong marketing and pre-leasing program.

Stabilized occupancy, subsequent to initial lease-up is expected to be 93% or higher, subject to the final recommendation scenario.

Overall Impact to the Rental Market

Given the current rental market LIHTC elderly vacancy rate and the forecasted strength of demand for the expected entry of the subject in 2010, it is estimated that the introduction of the proposed development will probably have little to no long term negative impact on the PMA program assisted apartment market. Any imbalance caused by initial tenant turnover is expected to be temporary, i.e., less than / up to 1 year. (**Note:** This expectation is contingent upon neither catastrophic natural nor economic forces effecting the Smyrna / Cobb County apartment market and local economy in 2010.)

SECTION G

COMPETITIVE ENVIRONMENT & SUPPLY ANALYSIS

This section of the report evaluates the general rental housing market conditions in the PMA, for both LIHTC program assisted properties and market rate properties. Part I of the survey focused upon a sample of LIHTC and market rate elderly properties adjacent to the PMA. Part II consisted of a sample

survey of PMA market rate properties. The analysis includes individual summaries and pictures of properties as well as an overall summary rent reconciliation analysis.

The Marietta, Smyrna, Cobb County apartment market is representative of an urban apartment market, with a very sizable mixture of small to large apartment properties as well as a very sizable mixture of conventional properties and program assisted properties. Most of the upscale, newer, market rate apartment properties are located within northern sections of the County, north of I-75 and I-575. Much of the program assisted LIHTC rental stock and older market rate stock is located near the Downtown area of Marietta and that area south of the Downtown towards the I-285 perimeter.

Survey of the Competitive Environment

Part I - Sample Survey of Elderly Apartments

* Five elderly properties, representing 580-units, were surveyed in partial to complete detail. None of the surveyed properties are located within the subject PMA.

* The nearest existing elderly property to the subject site the Legacy at Walton Village, a LIHTC/Market Rate development. At the time of the survey, it was 98% occupied and maintained a waiting list.

* There are at least eight elderly LIHTC developments located within 10-miles of the subject site and at least one or two in the pipeline for development. Three of the properties were surveyed in detail one in partial detail. At the time of the survey, the overall occupancy rate of the four properties was 95.5%. Three of the four properties maintain a waiting list. Only one of the 4 properties had a sub par vacancy rate. At the time of the survey the vacancy rate at Ashton Arbors was 15%. This property is located well outside the subject PMA.

Part II - Sample Survey of Market Rate Apartments

Eleven market rate properties, representing over 1,500 units, were surveyed in the subject's competitive environment, in partial to complete detail. Several key findings in the local conventional apartment market include:

* At the time of the survey, the overall estimated vacancy rate of the surveyed market rate properties was approximately 5%. This current acceptable vacancy rate level is made possible by the fact that many properties in the market are currently offering rent concessions and/or other concessions in order to maintain and/or upgrade occupancy levels.

* A survey of the conventional apartment market exhibited the following median and range of net rents, by bedroom type, in the area competitive environment:

Market Rate Competitive Environment - Net Rents		
BR/Rent	Median	Range
1BR/1b	\$730	\$500-\$1299
2BR/1b	\$735	\$645-\$899
2BR/2b	\$885	\$610-\$1389
3BR/2b	\$1050	\$895-\$1549

Source: Koontz & Salinger. May, 2008

* A survey of the conventional apartment market exhibited the following median and range of size of units, by bedroom type, in the area competitive environment:

Market Rate Competitive Environment - Unit Size		
BR/Rent	Median	Range
1BR/1b	830	720-1034
2BR/1b	1050	1005-1200
2BR/2b	1180	1048-1351
3BR/2b	1365	1220-2000

Source: Koontz & Salinger. May, 2008

* In the area of unit size, by bedroom type, the subject will offer very competitive unit sizes, by floor plan, with the existing market rate properties.

Summary

* The most comparable LIHTC properties in the survey relative to the subject were it to be a new construction development would be the Legacy at Walton Village and Columbia Heritage.

* The most comparable market rate property is the market rate segment of the Legacy at Walton and the adjacent Walton Grove property.

Fair Market Rents

The 2008 Fair Market Rents for the Atlanta MSA (which includes Cobb County, GA) are as follows:

Efficiency	= \$ 684
1 BR Unit	= \$ 741
2 BR Unit	= \$ 824
3 BR Unit	= \$1003
4 BR Unit	= \$1094

*Fair Market Rents are gross rents (include utility costs)

Source: www.huduser.org

Note: The proposed subject property LIHTC one and two-bedroom gross rents at 50% AMI are set below the maximum Fair Market Rent for a one and two-bedroom unit. Thus, the subject property LIHTC 1BR and 2BR units at 50% AMI will be readily marketable to Section 8 voucher holders in the PMA.

Table 19, exhibits the project size, bedroom mix, number of vacant units (at time of the survey), net rents and unit sizes of the surveyed elderly apartment properties within the competitive environment.

Table 19 SURVEY OF ELDERLY APARTMENT COMPLEXES PROJECT PARAMETERS											
Complex	Total Units	1BR	2BR	3BR	Vac. Units	1BR Rent	2BR Rent	3BR Rent	SF 1BR	SF 2BR	SF 3BR
Subject	120	24	88	8	Na	\$577-\$725	\$685-\$850	\$766-\$975	792	975	1283
Legacy at Walton V.	125	63	62	--	3	\$310-\$770	\$364-\$900	--	750	1100	--
Ashton Arbors	150	66	84	--	23	\$569	\$669	--	705	985	--
Columbia Heritage	132	--	132	--	0	--	\$711-\$795	--	--	970	--
Edinboro	128	64	64	--	0	\$610	\$710	--	750	950	--
Summerhill	45	45	--	--	1	\$575-\$675	--	--	700	--	--
Total*	580	238	342	--	27						

* - Excludes the subject property

Note: 0BR units included in 1BR count

Source: Koontz and Salinger. May, 2008.

Table 20, exhibits the project size, bedroom mix, number of vacant units (at time of the survey), net rents and unit sizes of the surveyed market rate apartment properties in the PMA competitive environment.

Table 20 SURVEY OF PMA MARKET RATE APARTMENT COMPLEXES PROJECT PARAMETERS											
Complex	Total Units	1BR	2BR	3BR	Vac. Units	1BR Rent	2BR Rent	3BR Rent	SF 1BR	SF 2BR	SF 3BR
Subject	120	24	88	8	Na	\$577-\$725	\$685-\$850	\$766-\$975	792	975	1283
Autumn View	224	44	168	12	6	\$500	\$610-\$645	\$895	830	1100-1200	1365
Belmont Place	326	211	82	33	10	\$999-\$1299	\$1069-\$1389	1390-1549	850-1034	1150-1227	1367
Bentley Manor	170	44	90	36	17	\$524-\$744	\$674-\$886	\$939-1047	560-745	1005-1100	1220-1305
Calibre Brooke	Na	Na	Na	Na	3	\$685-\$720	\$792	\$900	720	1040	1310
Cumberland Glen	222	Na	Na	Na	12	\$595-\$650	\$735	\$795	900	1100	1200
Galleria Courtyard	Na	Na	Na	Na	7	\$575-\$640	\$730-\$885	\$915	811	1048	1223
Jasmine at the Galleria	Na	Na	Na	Na	Na	\$825-\$920	\$950-\$1075	1135-1295	933	1270	1479
Ivy Ridge	207	--	140	67	15	--	\$850-\$940	1010-1100	--	1200-1500	1400-2000
Retreat at Windy Hill	Na	Na	Na	--	Na	\$565-\$615	\$665-\$715	--	750-830	1100-1180	--
Rivers End	192	58	118	16	12	\$759	\$899	1100	800	1100	1500
Walton Grove	180	36	94	50	9	\$730	\$880-\$1005	1035-1170	855	1086-1351	1295-1595
Total*	1,521				91						

* - Excludes the subject property

Na - Not available

Source: Koontz and Salinger. May, 2008.

Table 21, exhibits the key amenities of the subject and the surveyed elderly apartment properties.

Table 21 SURVEY OF ELDERLY APARTMENT COMPLEXES UNIT & PROJECT AMENITIES													
Complex	A	B	C	D	E	F	G	H	I	J	K	L	M
Subject	x	x				x	x	x	x	x	x	x	x
Legacy at Walton V.	x	x	x		x	x	x	x	x	x	x	x	x
Ashton Arbors	x	x			x	x	x	x	x	x	x	x	x
Columbia Heritage	x	x			x	x	x	x	x	x	x	x	x
Edinboro	x	x							x	x	x	x	
Summerhill	x					x	x	x	x	x	x		x

Source: Koontz and Salinger. May, 2008.

Key: A - On-Site Mgmt B - Central Laundry C - Pool
D - Tennis Court E - Playground/Rec Area F - Dishwasher
G - Disposal H - W/D Hook-ups I - A/C
J - Cable Ready K - Mini-Blinds L - Community Rm/Exercise Rm
M - Storage/other (inc. - ceiling fan, microwave, patio/balcony)

Table 22, exhibits the key amenities of the subject and the surveyed Market Rate apartment properties.

Table 22													
SURVEY OF PMA MARKET RATE APARTMENT COMPLEXES UNIT & PROJECT AMENITIES													
Complex	A	B	C	D	E	F	G	H	I	J	K	L	M
Subject	x	x				x	x	x	x	x	x	x	x
Autumn V	x	x	x		x	x	x	x	x	x	x	x	x
Belmont Pl	x		x		x	x		x	x	x	x	x	x
Bentley Mn	x	x	x			x	x	x	x	x	x	x	x
Calibre Brooke	x	x	x	x	x	x	x	x	x	x	x	x	x
Cumberland	x	x	x	x	x	x	x	x	x	x	x	x	x
Galleria Courtyard	x	x	x			x		x	x	x	x	x	x
Jasmine at the Galleria	x	x	x	x	x	x	x	x	x	x	x	x	x
Ivy Ridge	x	x	x		x	x	x	x	x	x	x		x
Retreat at Windy Hill	x	x	x		x	x		x	x	x	x	x	x
Rivers End	x	x	x		x	x	x	x	x	x	x	x	x
Walton Grove	x	x	x		x	x	x	x	x	x	x	x	x

Source: Koontz and Salinger. May, 2008.

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Key: A - On-Site Mgmt B - Central Laundry C - Pool
D - Tennis Court E - Playground/Rec Area F - Dishwasher
G - Disposal H - W/D Hook-ups I - A/C
J - Cable Ready K - Mini-Blinds L - Community Rm/Exercise Rm
M - Storage/other (inc. - ceiling fan, microwave, patio/balcony)

Reconciliation of Net Rents @ LIHTC

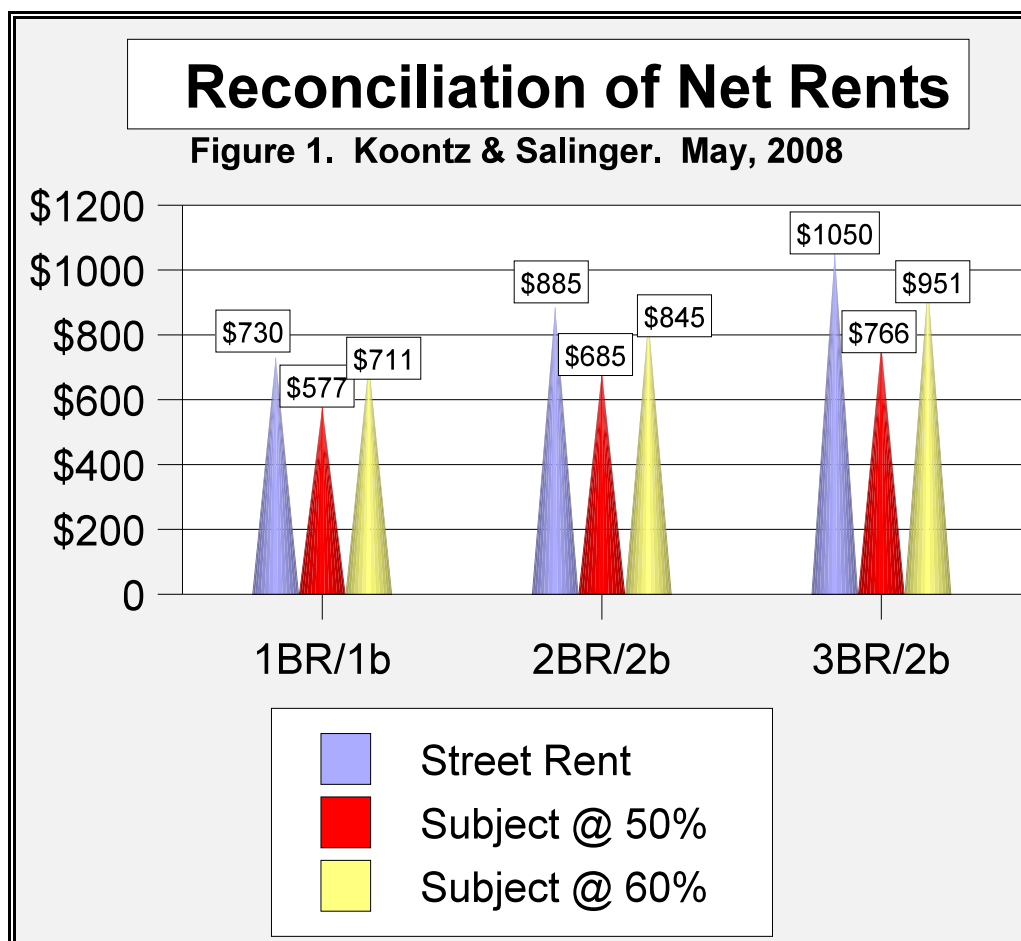
The survey of the competitive environment (which included local real estate professionals) revealed the following market based findings regarding net rents. Figure 1 below exhibits the estimated median conventional (street) net rents by bedroom type in relation to the proposed subject property net rents at 50% AMI, and 60% AMI.

Data Set

Bedroom Type	Street Rent*	Subject Rents at	
		50% AMI	60% AMI
1BR/1b	\$730	\$577	\$711
2BR/2b	\$885	\$685	\$845
3BR/2b	\$1050	\$766	\$951

* net rent - for comparable units

Figure 1, reveals that the proposed subject 1BR net rent at 50% AMI is approximately 21% less than the comparable/competitive 1BR net rent. The proposed subject 2BR/2b net rent at 50% AMI is approximately 23% less than the comparable/competitive 2BR/2b net rent. The proposed subject 1BR net rent at 60% AMI is approximately 3% less than the comparable/competitive 1BR net rent. The proposed subject 2BR/2b net rent at 60% AMI is approximately 5% less than the comparable/competitive 2BR/2b net rent.



Reconciliation of Net Rents @ Market

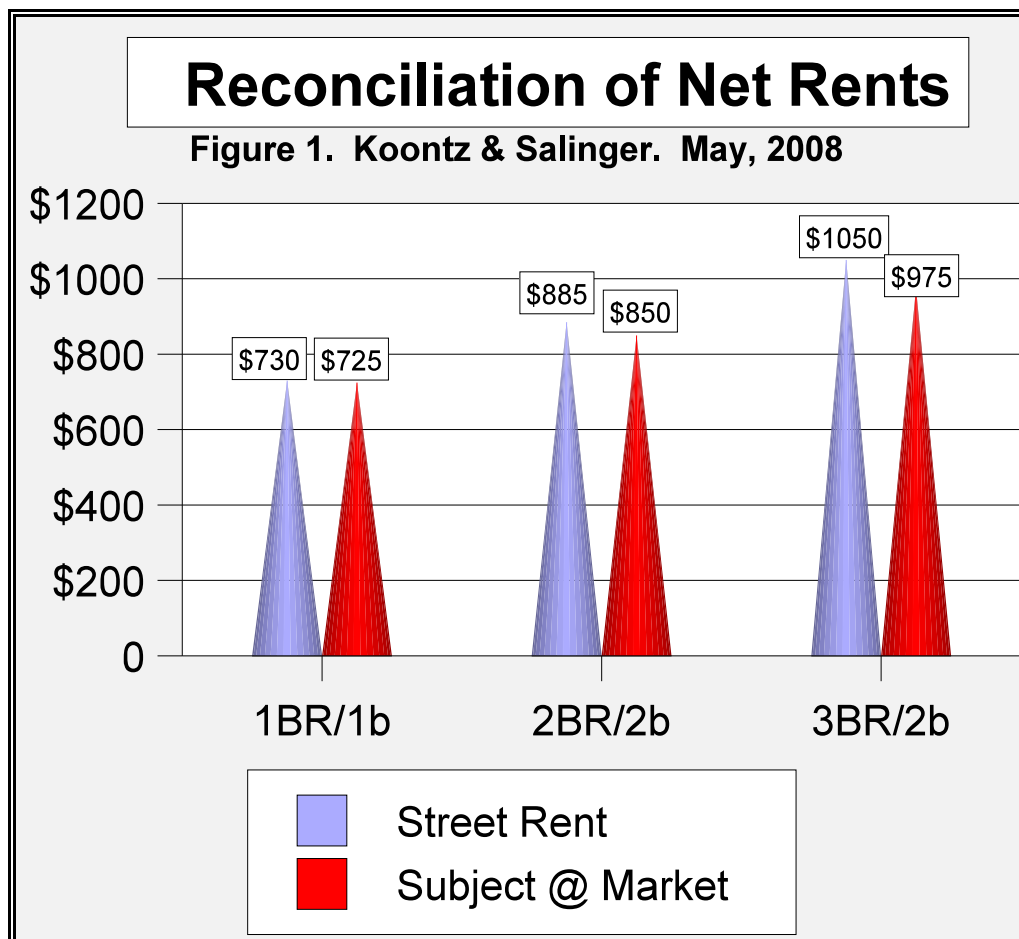
The survey of the competitive environment (which included local real estate professionals) revealed the following market based findings regarding net rents. Figure 1 below exhibits the estimated median conventional (street) net rents by bedroom type in relation to the proposed subject property net rents at Market.

Data Set

<u>Bedroom Type</u>	<u>Street Rent*</u>	<u>Subject Rents at Market</u>
1BR/1b	\$730	\$725
2BR/2b	\$885	\$850
3BR/2b	\$1050	\$975

* net rent - for comparable units

Figure 1, reveals that the proposed subject 1BR net rent at Market are comparable to the comparable/competitive 1BR net rent. The proposed subject 2BR/2b net rent at market is approximately 4% less than the comparable/competitive 2BR/2b net rent. The proposed subject 3BR net rent at Market is approximately 7% less than the comparable/competitive 3BR net rent.



The data on the individual complexes, reported on the following pages, were reported by the owners or managers of the specific projects. In some cases, the managers / owners were unable to report on a specific project item, or declined to provide detailed information.

A map showing the location of the surveyed market rate properties is provided on page 80. A map showing the location of the surveyed LIHTC elderly properties is provided on page 13.

Survey of the Competitive Environment - Elderly Properties

1. Legacy @ Walton Village, 1570 Roberta Dr (770) 590-3981

Contact: Ms Edra Wise (5/14/08)
Date Built: 2006

Type: LIHTC/Market
Condition: Excellent

<u>Unit Type</u>	<u>Number</u>	<u>AMI Rent</u>		<u>Market Rate</u> <u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
		30%	50% & 60%			
1BR/1b	10	\$310			750	0
1BR/1b	16		\$577		750	0
1BR/1b	18		\$711		750	0
1BR/1b	19			\$770	750	1
2BR/2b	10	\$364			1100	0
2BR/2b	16		\$685		1100	0
2BR/2b	17		\$845		1100	2
2BR/2b	19			\$900	1100	0
Total	125					3

Typical Occupancy Rate: 98%-99%
Security Deposit: \$259
Utilities Included: trash

Waiting List: Yes ("long")
Concessions: No
Turnover: "low"

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

Mgrs Office	Yes	Pool	Yes
Laundry Room	Yes	Clubhouse	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	Yes

Design: 3 story w/elevator
Remarks: 13-units have PBRA; computer center



2. Ashton Arbors Apartments, 2780 Bankston Rd (770) 420-2301

Contact: Jamie Gallehue (5/16/08)
Date Built: 2005

Type: LIHTC 60% AMI
Condition: Excellent

<u>Unit Type</u>	<u>Number</u>	<u>Rent at 60% AMI</u>	<u>Market Rate Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	66	\$569		705	12
2BR/1b	84	\$669		985	11
Total	150				23

Typical Occupancy Rate: 85%
Security Deposit: \$200
Utilities Included: water, sewer, trash

Waiting List: No
Concessions: No
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	No

Amenities - Project

Mgrs Office	Yes	Pool	No
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	No

Design: three story w/elevator

Remarks: 14-units occupied by Section 8 voucher holders



3. Columbia Heritage Seniors, 1900 Perry Blvd (866) 893-1498
(404) 792-7511

Contact: Ms Goolsby, Mgr (5/16/08)

Type: LIHTC/60% AMI

Date Built: 2005

Condition: Excellent

Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u> 60% MR	<u>Size sf</u>	<u>Vacant</u>
2BR/1b	132	\$711 \$795	970	0
Total	132			0

Typical Occupancy Rate: 99%

Waiting List: Yes (92)

Security Deposit: \$300

Concessions: No

Utilities Included: trash

Turnover: "low"

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	Yes

Design: 3 story mid rise w/elevator

Remarks: waiting list is closed; beauty salon, library, computer center; reported to have rented-up within 6-months (22-unit average)



4. Edinborough Apartments, 300 Pat Mell Rd (770) 436-2447

Contact: Fran, First Communities (5/22/08) **Type:** Market Rate
Date Built: 1965 **Condition:** Good
Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size</u> sf	<u>Rent</u> <u>Per SF</u>	<u>Vacant</u>
1BR/1b	64	\$610	750	\$.81	0
2BR/1b	64	\$710	950	\$.75	0
Total	128				0

Typical Occupancy Rate: 95% **Waiting List:** Yes ("small")
Security Deposit: \$250 **Concessions:** No
Utilities Included: water, sewer, trash **Turnover:** Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	No	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	No	Patio/Balcony	Yes

Amenities - Project

Mgrs Office	Yes	Pool	No
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	No	Recreation Area	No
Storage	No	Tennis Court	No

Design: 2-story walk-up

Remarks: age 55+; 25% of tenants have a Section 8 voucher



5. Summerhill Apartments, 2000 Austell Rd (770) 438-7809

Contact: Barbara, Mgr (5/16/08)
Date Built: 2003
Contact Type: Telephone interview

Type: Market Rate
Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size</u> sf	<u>Rent</u> <u>Per SF</u>	<u>Vacant</u>
1BR/1b	45	\$575-\$675	700	\$.82-\$.96	5
Total	45 (comprising 225-leases)				5*

Typical Occupancy Rate: 98%
Security Deposit: \$150
Utilities Included: water, sewer, trash

Waiting List: No
Concessions: No
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	Yes	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	No

Amenities - Project

Mgrs Office	Yes	Pool	No
Laundry Room	No	Community Room	No
Fitness Ctr	Yes	Recreation Area	No
Storage	No	Tennis Court	No

Design: 3-story w/elevator

Remarks: design is similar to "student housing"; 5 rooms per unit



Survey of the Competitive Environment - Market Rate

1. Autumn View, 1035 Franklin Rd

(770) 952-8104

Contact: Lucia (5/14/07)

Type: Market Rate

Date Built: 1984

Condition: Good

Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size</u> sf	<u>Rent</u> <u>Per SF</u>	<u>Vacant</u>
1BR/1b	44	\$500	830	\$.60	4
2BR/1.5b TH	64	\$645	1200	\$.54	0
2BR/2b	104	\$610	1100	\$.55	1
3BR/2.5b TH	12	\$895	1365	\$.66	1
Total	224				6

Typical Occupancy Rate: 97%

Waiting List: No

Security Deposit: \$400

Concessions: No

Utilities Included: None

Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

Mgmt Office	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	No	Recreation Area	Yes
Storage	No	Picnic Area	Yes

Design: 2-story walk-up

Remarks: does not accept Section 8



2. Belmont Place, 2825 Windy Hill Rd

(678) 419-0410

Contact: Candy (5/16/08)

Type: Market Rate

Date Built: Na

Condition: Good

Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Rent Per SF</u>	<u>Vacant</u>
1BR/1b	211	\$999-\$1299	850-1034	\$1.17-\$1.27	5
2BR/2b	82	\$1069-\$1389	1150-1227	\$.93-\$1.13	3
3BR/2b	33	\$1390-\$1549	1367	\$1.02-\$1.13	2
Total	326				10

Typical Occupancy Rate: 97%

Waiting List: No

Security Deposit: \$300

Concessions: No

Utilities Included: None

Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

Mgmt Office	Yes	Pool	Yes
Laundry Room	No	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	Yes	Picnic Area	No

Design: four-story walk-up

Remarks: does not accept Section 8



3. Bentley Manor, 2605 Bentley Road

(770) 859-9003

Contact: Allison, Mgr (5/12/08)
Date Built: 1989 rehabed in 2008
Contact Type: Telephone interview

Type: Market Rate
Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size</u> sf	<u>Rent</u> <u>Per SF</u>	<u>Vacant</u>
0BR/1b	24	\$524	560	\$.94	1
1BR/1b	20	\$744	745	\$.99	1
2BR/1b	36	\$674-\$715	1005	\$.67-\$.71	4
2BR/2b	54	\$788-\$886	1100	\$.72-\$.81	7
3BR/2b	36	\$930-\$1047	1220-1305	\$.76-\$.80	4
Total	170				17

Typical Occupancy Rate: 92%
Security Deposit: \$99
Utilities Included: None

Waiting List: No
Concessions: Yes
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	No

Amenities - Project

Mgmt Office	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	No
Storage	No	Picnic Area	No

Design: two-story walk-up

Remarks: does not accept Section 8



4. Calibre Brooke, 100 Calibre Brook Prkwy (770) 951-0121

Contact: Cindy (5/21/08)

Date Built: Na

Type: Market Rate

Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size</u> <u>sf</u>	<u>Rent</u> <u>Per SF</u>	<u>Vacant</u>
1BR/1b	*	\$685-\$720	720	\$.95-\$1.00	1
2BR/1b	*	\$792	1040	\$.76	1
2BR/2b	*	\$900	1310	\$.69	1
Total	NA				3

Typical Occupancy Rate: 97%

Security Deposit: Na

Utilities Included: trash

Waiting List: No

Concessions: No

Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

Mgmt Office	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	No

Design: 3-story walk-up

Remarks: tennis court; fireplace units

5. Cumberland Glen, 2330 Cobb Parkway

(866) 694-1286

Contact: John (5/22/08)

Type: Market Rate

Date Built: 1986 rehabed in 2007

Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size</u> sf	<u>Rent</u> <u>Per SF</u>	<u>Vacant</u>
1BR/1b	*	\$595-\$650	900	\$.66-\$.72	0
2BR/1b	*	\$735	1100	\$.67	2
2BR/2b	*	\$795	1200	\$.66	10
Total	222				12

Typical Occupancy Rate: Na

Waiting List: No

Security Deposit: \$187

Concessions: No

Utilities Included: water, sewer, trash

Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

Mgmt Office	Yes	Pool	Yes
Laundry Room	Yes	Community Room	No
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	No

Design: 3-story walk-up

Remarks: tennis court; fireplace units



6. Galleria Courtyard, 1400 Galleria Ln

(866) 531-6947

Contact: Isablle, (5/22/08)

Type: Market Rate

Date Built: Na

Condition: Very Good

Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size</u> sf	<u>Rent</u> <u>Per SF</u>	<u>Vacant</u>
1BR/1b	*	\$575-\$640	811	\$.71-\$.79	1
2BR/1b	*	\$730	1048	\$.70	1
2BR/2b	*	\$750-\$885	1048	\$.82-\$.84	1
3BR/2b	*	\$915	1223	\$.75	4
Total	Na				7

Typical Occupancy Rate: Na

Waiting List: No

Security Deposit: \$200

Concessions: Yes

Utilities Included: None

Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	Yes	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

Mgmt Office	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

Design: townhouse

Remarks: rent concession - ½ 1st month



7. Ivy Ridge Apartments, 2650 Bentley Rd (770) 955-0583

Contact: Shauna (5/12/08)
Date Built: 1973
Contact Type: Telephone interview

Type: Market Rate
Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size</u> sf	<u>Rent</u> <u>Per SF</u>	<u>Vacant</u>
2BR/1.5b TH	48	\$850-\$940	1200-1500	\$.63-\$.71	4
2BR/2b	92	\$910	1250	\$.73	9
3BR/2b	43	\$1010	1400-2000	\$.51-\$.72	2
3BR/1.5b TH	24	\$1100	1600-2000	\$.55-\$.62	0
Total	207				15

Typical Occupancy Rate: 93%
Security Deposit: \$100
Utilities Included: None

Waiting List: No
Concessions: Yes
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	No
Disposal	Yes	Window Treatment	No
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Some

Amenities - Project

Mgmt Office	Yes	Pool	Yes
Laundry Room	Yes	Community Room	No
Fitness Ctr	No	Recreation Area	Yes
Storage	No	Picnic Area	Yes

Design: two-story walk-up

Remarks: does not accept Section 8



8. Jasmine at the Galleria, 8 Cumberland Way (770) 423-1266

Contact: Danille (5/21/08)
Date Built: Na
Contact Type: Telephone interview

Type: Market Rate
Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size</u> sf	<u>Rent</u> <u>Per SF</u>	<u>Vacant</u>
1BR/1b	*	\$825-\$920	933	\$.88-\$.99	*
2BR/2b	*	\$950-\$1075	1270	\$.75-\$.85	*
3BR/2b	*	\$1135-\$1295	1479	\$.77-\$.87	*
Total	*				*

Typical Occupancy Rate: 90%
Security Deposit: \$87
Utilities Included: None

Waiting List: No
Concessions: Yes
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

Mgmt Office	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	No

Design: three-story walk-up

Remarks: tennis court; fireplace units; \$600 to \$750 off 1st month



9. Retreat at Windy Hill, 2121 Windy Hill Rd (886) 375-3573

Contact: Rhianna, (5/22/08)
Date Built: Na
Contact Type: Telephone interview

Type: Market Rate
Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Rent Per SF</u>	<u>Vacant</u>
1BR/1b	*	\$565-\$615	750-830	\$.74-\$.75	*
2BR/2b	*	\$665-\$715	1100-1180	\$.60-\$.61	*
Total	*				*

Typical Occupancy Rate: 85%
Security Deposit: \$99
Utilities Included: None

Waiting List: No
Concessions: Yes
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

Mgmt Office	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	No

Design: two-story walk-up

Remarks: offering a move-in special



10.Rivers End, 899 Powers Ferry Rd

(770) 952-0777

Contact: Rachael, Lsg Cons (5/15/08)

Type: Market Rate

Date Built: 1982

Condition: Good

Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size</u> sf	<u>Rent</u> <u>Per SF</u>	<u>Vacant</u>
1BR/1b	58	\$759	800	\$.95	6
2BR/1b	118	\$899	1100	\$.82	6
3BR/1.5b	16	\$1100	1500	\$.73	0
Total	192				12

Typical Occupancy Rate: 94%

Waiting List: No

Security Deposit: \$200

Concessions: No

Utilities Included: water, sewer, trash

Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

Mgmt Office	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	Yes	Picnic Area	No

Design: two-story walk-up

Remarks: does not accept Section 8



11. Walton Grove, 2550 Cumberland Blvd

(770) 435-9041

Contact: Ms. Donna Cuthbert (5/27/08)

Type: Market Rate

Date Built: 1994 (renovated)

Condition: Very Good

Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size</u> sf	<u>Rent</u> <u>Per SF</u>	<u>Vacant</u>
1BR/1b	36	\$730	855	\$.85	4
2BR/1b	40	\$880	1086	\$.81	1
2BR/2b	54	\$935-\$1005	1112-1351	\$.74-\$84	4
3BR/3b	50	\$1035-\$1170	1295-1595	\$.73-\$.80	0
Total	180				9

Typical Occupancy Rate: 90's

Waiting List: No

Security Deposit: \$250

Concessions: Yes

Utilities Included: None

Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

Mgmt Office	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	Yes	Picnic Area	No

Design: two-story walk-up

Remarks: controlled access; 10% of units occupied by a Section 8 voucher



Market Rate Apartments



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SECTION H

INTERVIEWS

The following are observations and comments relating to the subject property. They were obtained via a survey of local contacts interviewed during the course of the market study research process.

In most instances the project parameters of the proposed development were presented to the "key contact", in particular: the proposed site location, project size, bedroom mix, income targeting and net rents. The following statements/comments were made:

(1) - Ms. Donna Cuthbert, the manager of the Walton Grove (market rate) apartments was interviewed, (770) 435-9041. Note: Walton Grove is located adjacent to the subject site location. Ms. Cuthbert stated that she was familiar with the location of the subject property and stated that ii it is developed as an elderly property like the Legacy at Walton Village it should well. In her opinion, an elderly apartment development would not jeopardize the success of her property.

(2) - The Deputy Director of the Marietta Housing Authority was interviewed, (770) 419-3217. He stated that he was familiar with the general area of the proposed subject site location and that it would be a good area for a 55 and over LIHTC property without deep subsidy rental assistance. He went on to state that the Galleria at Smyrna application would not be competitive with nor negatively impact the Towers at Dorsey Manor LIHTC application.

(3) - Ms. Jamie Gallehue, the manager of the Ashton Arbors new construction LIHTC elderly apartment was interviewed, (770) 420-2301. Ms. Gallehue stated that in her opinion the introduction of the subject elderly LIHTC application would negatively impact her property. Her property has had a difficult time in maintaining a reasonable occupancy rate and has already been negatively impacted by the recent introduction of the Legacy at Walton Village (55+) LIHTC property. Note: Ashton Arbors is located about 10 miles north of the subject site. The analyst is not sure if indeed Ashton Arbor would suffer additionally from the introduction of the Galleria at Smyrna supply.

(4) - Ms. Robin, Manager, of the Edinborough (Market Rate) apartments was interviewed, (770)436-2447. The respondent stated that the proposed LIHTC rents were reasonable for new product in the Marietta/Smyrna apartment market. The proposed market rate rents are considered to be on the high side but still within the realm of acceptability. She went on to state that in her opinion the proposed development could negatively impact her property.

(5) - Barbara, the Manager of the Summerhill Senior Living (Market Rate) Apartments was interviewed, (770)438-7809. She stated that in her opinion, the proposed new construction development would not negatively impact her property, given its location near US 41 and I-285 versus the location of her property. She is of the opinion that the Marietta/Smyrna market is in need of more affordable elderly housing.

SECTION I

CONCLUSIONS & RECOMMENDATION

As proposed in Section B of this study, it is of the opinion of the analyst, based on the findings in the market study that the Galleria Manor of Smyrna Apartments (a proposed LIHTC elderly (age 55+) property) proceed forward with the development process, subject to the following recommendations.

Detailed Support of Recommendation

1. Product Mix - The target group is large enough to absorb the proposed product development of **120** units. Note: The proposed 3BR units should be marketed as 2BR/2b with a den.
2. Assessment of rents - The proposed net rents will be competitive within the PMA. However, the proposed 2BR and 3BR net rents at 60% AMI and Market are placed at the upper support level and allow for no margin. If the budget allows for a downward positioning of these rents, then it is recommended that this would be a prudent strategy.
3. The current apartment market is not representative of an over saturated market, for well maintained, well amenitized and professionally managed properties. However, many properties are utilizing rent concessions (at present) in order to obtain and maintain occupancy levels greater than 90% to 93%.
4. The proposed complex unit amenity package is considered to be competitive in the PMA.
5. Stabilized occupancy, subsequent to initial lease-up, is forecasted to be 93% or higher.
6. The site location is considered to be very marketable.
7. The proposed development will not negatively impact the existing supply of program assisted elderly properties in the market.

SECTION J

ANALYST QUALIFICATIONS

Koontz and Salinger conducts Real Estate Market Research and provides general consulting services for real estate development projects. Market studies are prepared for residential and commercial development. Due diligence work is performed for the financial service industry and governmental

agencies.

JERRY M. KOONTZ

EDUCATION: M.A. Geography 1982 Florida Atlantic Un.
 B.A. Economics 1980 Florida Atlantic Un.
 A.A. Urban Studies 1978 Prince George Comm. Coll.

PROFESSIONAL: 1985-Present, Principal, Koontz and Salinger, a Real Estate Market Research firm. Raleigh, NC

1983-1985, Market Research Staff Consultant, Stephens Associates, an consulting firm in real estate development and planning. Raleigh, NC

1982-1983, Planner, Broward Regional Health Planning Council. Ft. Lauderdale, FL.

1980-1982, Research Assistant, Regional Research Associates. Boca Raton, FL.

AREAS OF EXPERIENCE: Real Estate Market Analysis: Residential Properties and Commercial Properties

WORK PRODUCT: Over last 25 years have conducted real estate market studies, in 31 states. Studies have been prepared for the LIHTC & Home programs, USDA-RD Section 515 & 528 programs, HUD Section 202 and 221 (d) (4) programs, conventional single-family and multi-family developments, personal care boarding homes, motels and shopping centers.

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SECTION K
IDENTITY OF INTEREST

I affirm that I have made a physical inspection of the market and surrounding area and the information obtained in the field has been used to determine the need and demand for new rental units. I also affirm that I have no financial interest in the project or current business relationship with the ownership entity and my compensation is not contingent on this project being funded. The report was written in accordance with my understanding of the 2008 GA-DCA Market Study Guidelines and 2008 GA-DCA Qualified Action Plan.

CERTIFICATION

Koontz and Salinger
P.O. Box 37523
Raleigh, North Carolina 27627

Jerry M. Koontz
Real Estate Market Analyst
(919) 362-9085

_____ / _____
Date

Market Analyst Certification and Checklist

I understand that by initializing (or checking) the following items, I am stating those items are included and/or addressed in the report. If an item is not checked, a full explanation is included in the report.

The report was written to DCA's market study requirements, that the information included is accurate and that the report can be relied upon by DCA as a true assessment of the low-income housing rental market.

I also certify that I have inspected the subject property as well as all rent comparables.

Signed: _____ Date: _____

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APPENDIX A
DATA SET